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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

HEARING

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

HEARING HELD IN NEW YORK, NY, MAY 13, 1985

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CONTENTS

Page

Hearing held in New York, NY, on May 13, 1985 ... 1

Statement of:

- Allen, John, campus director, Associated Students of Kansas ... 56
- Baker, Todd, president, Ohio State Student Association ... 74
- Benson, Steven, chair, Independent Student Coalition of New York State ... 78
- Boyle, Mary Theresa, student, Georgetown University ... 100
- Burski, Cindy, chair, Minnesota State University Student Association ... 82
- Dacey, Scott, president, United Council of the University of Wisconsin Student Government ... 32
- DeWitt, Spencer, president, State Legislative Interest Group ... 49
- Josephson, Paul, president, Michigan student assembly, University of Michigan ... 16
- Lowe, Melvin, chair, university student senate, City University of New York ... 11
- Mathews, Jenny, student, Monroe Business Institute ... 54
- McMahon, Karen, chair, New York Public Interest Research Group ... 95
- Middleton, Mark, president, association student government at the University of Arkansas ... 47
- Murphy, Joseph, chancellor of the City University of New York ... 5
- Romero, Ramona, representative, Independent Student Council ... 34
- Rivera, Janice, former student, Hair Design Institute ... 102
- Van Ginkel, Edwin, former chair, California State Student Association ... 18

Prepared statements, letters, supplemental materials, etc.:

- Allen, John Lewis, Jr., campus director, Association Students of Kansas:
  - "Impact of President Reagan's Proposals for Student Financial Aid," article entitled ... 61
  - Memo to Senator Robert Dole, majority leader, dated March 24, 1985 ... 70
  - Prepared statement of ... 58
- Baker, Todd, president, Ohio Student Association, prepared statement of ... 75
- Benson, Steve, senior, Union College, Schenectady, NY, prepared statement of ... 80
- Brooklyn College Chapter of NYPIRG, prepared statement of ... 98
- Burski, Cindy, chair, Minnesota State University Student Association:
  - "Available Options," article entitled ... 85
  - "Financial Aid Resolution," dated May 1, 1985 ... 84
  - Prepared statement on behalf of ... 84
- Cochran, John, student at the State University of New York at Binghamton, prepared statement of ... 99
- Dacey, Scott C., president, United Council of the University of Wisconsin Student Governments, Inc., prepared statement of ... 33
- DeWitt, Spencer, president, Student Government Association, University of Tennessee, Knoxville, prepared statement of ... 51
- Ford, Hon. William D., a Representative in Congress from the State of Michigan, and chairman, Subcommittee on Postsecondary Education, opening statement of ... 2
- Josephson, Paul, president, Michigan Student Association, University of Michgan, Ann Arbor:
  - Letter to Congressman Biaggi, dated May 28, 1985 ... 152
  - Prepared statement of ... 17
- Lowe, Melvin E., chairperson, university student senate, City University of New York, prepared statement of ... 14
- McMahon, Karen, chairperson, New York Public Interest Research Group, Inc. (NYPIRG), prepared statement of ... 97
- Middleton, Mark E., president, association student government at the University of Arkansas, prepared statement of ... 49

Page

Prepared statements, letters, supplemental materials, etc.—Continued
- Murphy, Joseph S., chancellor of the City University of New York, prepared statement of 7
- Rivera, Janis, New York, NY, prepared statement of 102
- Romero, Ramona, senior, Barnard College at Columbia University, prepared statement of 36
- Van Ginkel, Ed, graduate student at San Diego State University (1 of 19 campuses of the California State University), prepared statement with appendices 21

APPENDIX

Ballard, David W., vice president, Delaware Undergraduate Student Congress, University of Delaware, prepared statement of 132

Boettcher, Susan, MCCSA, legislative director, prepared statement presented on behalf of the community college students of Minnesota, Minnesota Community College Student Association 146

Chapelle, Debra A., NSSA executive director, Nebraska State Student Association, Lincoln, NE, prepared statement of 143

Ferguson Joseph P., external affairs executive, association students of the University of Wyoming, letter to Frank Viggiano, USS director of governmental relations, City University of New York, dated May 10, 1985 149

Jung, Richard K., president, association students of Boise State University, Boise, IH, prepared statement of 128

Kessler, Michele L., CAS legislative director, Commonwealth Association of Students, Harrisburg, PA, letter of Melvin Lowe, dated May 6, 1985, enclosing testimony 133

Kimbell, Charles A., president, student association, University of Vermont, Burlington, VT, prepared statement of 130

Kott, Kayleen, chairperson, University of California, student body president's council, Association Students of the University of California, prepared statement of 148

Lancaster, Ted, president, the Associated Students, Reno, NV, statement of with appendix 116

Martin, Anthony R., vice president, Federation of Independent Illinois Colleges and Universities Student Advisory Committee, prepared statement of 127

Mortier, Michael, Montana Associated Students of the Montana University system, letter to Frank Viggiano, USS director of governmental relations, City University of New York, dated May 22, 1985 150

National Summit Meeting of State and Campus Student Association Leaders, a joint statement 109

Oliverio, Michael, student administration president, West Virginia, University, prepared statement of 129

Shultz, Wendy P., student representative, Student Government Association, Montclair, State College, prepared statement with attachments 125

Snell, M. Tony, governor, South Carolina Student Legislature, Columbia, SC, prepared statement of 131

Stringham, Ned, president, Associated Students, University of Utah, testimony of 130

Terwilleger, Karen J., Washington Student Lobby, Seattle, WA, prepared statement of 113

Wray, Susan R., president, Student Association of the State University of New York, Albany, NY, prepared statement of 151

OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

MONDAY, MAY 13, 1985

House of Representatives,
Subcommittee on Postsecondary Education,
Committee on Education and Labor,
New York, NY.

The subcommittee met, pursuant to call, at 9:50 a.m., at 33 West 42d Street, New York, NY. Hon. William D. Ford (chairman of Subcommittee on Postsecondary Education) presiding.

Members present: Representatives Ford, Owens, Biaggi, Solarz, Dymally, and Penny.

Staff present: Thomas R. Wolanin, staff director; Kristin Gilbert, clerk; Rose Di Napoli, minority legislative associate.

Mr. Ford. I am pleased to call to order this field hearing of the Subcommittee on Postsecondary Education of the U.S. House of Representatives.

Our hearing today will focus on recommendations and concerns with respect to the reauthorization of the Higher Education Act of 1965.

This is the fifth of what we expect will be a series of 10 field hearings on this subject.

Prior to today, the committee has been in Vermont, Illinois, Iowa, and Michigan. We have additional field hearings planned for Maine, Washington, Missouri, Pennsylvania, and Massachusetts.

The subcommittee will also hold 20 substantive hearings in Washington beginning early in June.

The Higher Education Act is the primary source of Federal support for students in higher education institutions. It must be reauthorized or extended in this Congress.

The largest and most important programs contained in the Higher Education Act provide grants, loans, work opportunities, and special services to students who demonstrate a need for Federal help.

In the coming school year, more than $13 billion will be made available to needy students in grants, loans, and work opportunities. Nearly half of the approximately 12 million students attending 6,000 institutions of postsecondary education in the United States will receive some form of Federal assistance. These student assistance programs are the centerpiece of the Higher Education Act and they play a critical role in achieving the Federal objective of equal educational opportunity.

The Higher Education Act also contains programs to assist college libraries, international education and cooperative education as well as the Fund for the Improvement of Postsecondary Education.

I expect that the process of reauthorizing the Higher Education Act will be long and complex. I hope however that we will succeed in reaffirming the Federal commitment to equal educational opportunity and excellence in higher education.

I am particularly pleased to be here at the invitation of my personal good friend and long time colleague on this committee, Mario Biaggi. Mario and I have spent many hours over many years working together on these programs and 5 years ago, he was one of the most active members of this subcommittee. There are many pieces of the existing law that Mario knows better than anyone else because they were his amendments. I am sure we can expect that those he is still convinced were good ideas will remain.

It is also very good to see so many students involved in this process here today for they can indeed provide us valuable first hand information on how the programs are working for them.

I look forward to hearing testimony this morning from students representing postsecondary educational institutions from all across the country, and I should say now that we would expect that students will, from time to time, as the substantive hearings on specific details of the legislation go forward, be participating in the hearings in Washington.

My recollection without going back to check the record is that when we went through this process in 1979 and '80, student representatives probably testified more times on more subjects that were in the final product that we adopted than all of the other so called major lobbying organizations in the country. And, we have learned through our own experience that when they go to work at it, the students can make an extremely valuable contribution to building the kind of understanding in the committee as it moves forward to its deliberations, that helps us to do things for reasons that rise above politics and political considerations in trying to do what makes good sense and what speaks best for the future.

[Opening statement of Hon. William D. Ford follows:]

Opening Statement of Hon. William D. Ford, a Representative in Congress from the State of Michigan and Chairman, Subcommittee on Postsecondary Education

I am pleased to call to order this field hearing of the Subcommittee on Postsecondary Education of the U.S. House of Representatives. Our hearing today will focus on recommendations and concerns with respect to the reauthorization of the Higher Education Act of 1965. This is the fifth in what we expect will be a series of 10 field hearings on this subject. Prior to today, the subcommittee has been to Vermont, Illinois, Iowa, and Michigan. We have additional field hearings planned for Maine, Washington, Missouri, Pennsylvania and Massachusetts. The subcommittee will also hold more than 20 hearings on this subject in Washington, D.C. beginning in June.

The Higher Education Act is the primary source of Federal support for students and higher education institutions. It must be reauthorized, or extended, in this Congress. The largest and most important programs contained in the Higher Education Act provide grants, loans, work opportunities and special services to students who demonstrate a need for Federal help. In the coming school year more than $13 billion will be made available to needy students in grants, loans and work opportunities. Nearly half of the approximately 12 million students attending the 6,000 institutions of postsecondary education in the United States will receive some form of

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I am particularly pleased to be here at the invitation of my good friend and longtime colleague on the Education and Labor Committee, Mario Biaggi. We spent many long hours working together 5 years ago when the Higher Education Act programs were last reauthorized.

It is also very good to see so many students involved in this process for they can provide us valuable first-hand information on how the programs are working for them. I look forwarding to hearing testimony this morning from students representing postsecondary educational institutions from all across the country.

Mr. FORD. With that, we will introduce our principal host here today, Congressman Biaggi for any comments he wishes to make.

Mr. BIAGGI. Thank you very much, Mr. Chairman, and permit me to take this opportunity to thank you very much for holding a hearing in the city of New York.

I know you travel throughout the country in connection with higher education and our colleagues have done likewise, so that when we get back to Washington we will be in a position to properly distill the information that we have acquired as a result of testimony.

I would also like to once again congratulate the students and the leaders which represent some 25 States and more than 3 million students. But for their grassroots activity I do not know that we would have made as much progress in this area as we have, given the President's original budget proposal which would have been devastating. The subsequent Senate committee report which improves the student loan aspect considerably, and the summit meeting that the young men and women have held clearly has been a revitalization, a reinspiration to go forward and continue efforts to fight these cuts.

Your participation here today should provide you when you return home the opportunity to send the word out that the future of your education is at stake. As necessity is the mother of invention, so shall apathy become the mother of destruction if you fail to work with us on each and every aspect, and that is important, each and every aspect of the higher education reauthorization. We will not be able to defeat, or every effort to reduce or eliminate these programs alone.

As I said before, today's budget debates are tomorrow's legislative debates. We will surely revisit these issues in reauthorization later this year, even if we are successful in disposing of regressive proposals to cut back student financial assistance.

I am pleased to note that the Senate adopted as part of its overall budget package provisions which dropped the $8,000 cap on all Federal aid a student could receive. The bill still retains provisions which cut off loans to students with family incomes above $60,000. Now, some people may think that is a enormous sum of money, but after you deal with taxes and maintain the quality of life that has been enjoyed up to that point, and when you are talking about more than one student in college, it becomes a very important factor.

This provision in New York State could result in a loss of 10,627 students losing $28 million. This represents 3 percent of all Federal dollars in New York. For New York's 600 schools with 1 million students receiving almost $1 billion in aid, this seems like a drop in the bucket.

But consider these facts; the $1 billion in Federal money generates an additional $7 billion from non-Federal sources. More importantly, the multiplier effect of these funds is phenomenal, generating an estimated $15 to $20 billion to the State from a host of sources. Thus losing any aid above and beyond the cuts imposed since 1981 means much more than loss of educational opportunity for needy students and their families. It spells fundamental retreat of our commitment to higher education in this Nation.

We are here today not only to review the impact of these cuts, both proposed and anticipated, but we also want to look to the future and reauthorization of the act later this year by this subcommittee.

I was an untraditional student who did not go to school until the age of 45 and graduated at the age of 49 after attending law school at night. I did not receive any kind of aid, and had I not received a full scholarship to attend law school, I never would have been able to afford it with a family of four to support and a full time job in the New York City Police Department.

I believe that one of our priorities in this reauthorization must be to provide increased opportunities for students beyond age 18 to 22, and who for reason of full time employment, financial ability or family commitment, also need help. We must also provide some meaningful way to address the current problems of teacher recruitment and retention. The fact that we will need 1 million new teachers by 1990 means that we must act swiftly to avert what we will, that we know will be a sure fire crisis before long.

Finally, I want to note that we must reaffirm support for our urban universities, title 11 of the act authored by Chairman Ford, can provide meaningful opportunities especially in areas such as New York City where we have a wealth of talent and ability in both our public and independent schools.

Mr. Chairman, once again I am honoured to welcome you and my other colleagues to this greatest city in the world, which I know is a provocative statement; as well as those students that have come many miles in order to participate in today's hearing and I look forward to their testimony.

Mr. **Ford**. Thank you very much. The next member of the committee has already indicated his sacrifice today by pointing out that while Mr. Dymally came from California, Mr. Penny came from Minnesota and I came from Michigan to be here, he came all the way from Brooklyn, and I'm not so sure that we cannot get here from where we are faster than you can. Certainly at some times of the day. Major Owens?

Mr. **Owens**. I have no statement at this time, Mr. Chairman.

Mr. **Ford**. And Steve Solarz?

Mr. **Solarz**. Let us proceed with the show, Mr. Chairman.

Mr. **Ford**. Merv and Mr. Penny?

Mr. **Penny**. I will pass at this time.

Mr. **Ford**. All right, the first panel. Before we proceed with the panel, we do have Chancellor Murphy here and we do not want to get him caught in the crossfire later, so Chancellor I would recognize you at this time for any statement you wish to make?

STATEMENT OF JOSEPH MURPHY, CHANCELLOR OF THE CITY UNIVERSITY OF NEW YORK

Mr. **Murphy**. Thank you, Mr. Chairman. I want to thank my dear friend Mel Lowe for giving his seat up for me this morning. It is going to cost me, you understand, at some point, Mr. Chairman.

Members of the subcommittee, it is my pleasure to welcome you to the Graduate Center of the City University of New York on behalf of our students, faculty, and administrators. I commend your wisdom and discernment in focusing your attention, first of all, on the views and concerns of students as you begin your deliberations on the revision of the Nation's higher education law.

I also think that the City University of New York is an appropriate place to consider Federal education policy because this university clearly demonstrates the diversity and accessibility of higher education opportunity for all citizens, which the law is designed to foster.

Today, Federal financial aid to students permits almost four out of five high school graduates in New York City to go on to some form of postsecondary education. Every high school graduate is guaranteed a place within the City University system, where we offer more than 250 degree programs ranging from innovative career training at the community colleges to comprehensive liberal arts offerings to the most advanced postdoctoral and professional education.

Most of our students could not afford to go to college, any college, without Government aid. More than half of our students come from families with incomes below $12,000; 40 percent have incomes below $9,000. At least 100,000 receive some form of Federal student aid. About three-fourths of our full-time students receive Pell grants.

Because we have opened our doors to those who have traditionally been denied access to higher education, City University may now be called the Nation's largest black institution, the largest Hispanic institution, the largest Catholic institution. In short, every ethnic group is well represented.

In rewriting the Higher Education Act, Mr. Chairman, I hope you and your colleagues will concentrate on strengthening the student aid programs that make educational opportunity in America a reality. Unfortunately, your task is that much greater because of a growing attitude fostered by the administration. There is not only reluctance to fund student financial aid, but also a denigration of the very concept of open access to higher education.

The administration tells us college is not for everyone. According to this view, too many so-called unqualified people, that is people with low scholastic aptitude test scores, are getting into college these days. Many of them lack basic skills, many drop out. Why, the argument goes, spend tax dollars to promote this state of affairs?

In reauthorizing the Higher Education Act, you in Congress will have to answer that argument clearly and convincingly. Congress must act on the knowledge that the national investment in higher education is more important to our national security than any weapons system. Higher education is essential to developing the brain power this country needs to stay afloat economically and technologically and that brainpower is not restricted to wealthy people nor to people who test well at age 17, nor to people who perform brilliantly in high school.

Moreover, higher education has been, is now, and will continue to be the best entree into middle class life in our society. Undermining the access of poor and working class people to college will have the effect, intended or not, of blocking their aspirations to better their lot and instituting a rigid class structure.

The country profits enormously when its citizens are given an opportunity to fulfill their intellectual potential and suffers in all kinds of ways when that opportunity is denied.

Mr. Chairman, I trust that you and your colleagues on the subcommittee who have been architects and supporters of the national commitment to higher education will do all you can to assure that the new law will advance, not reverse, this commitment.

Because we are here primarily to devote our attention to the views of students, I will mention only the two areas I consider most important to address in the new Higher Education Act. I refer to strengthening the purchasing power of student aid, and providing more equitable assistance to nontraditional students.

My first priority is to guarantee that financial aid programs keep pace with the cost of attending college. In 1972, Pell grants were established to provide the basic assistance, that coupled with an appropriate family contribution will allow even the neediest students to attend a local public college or community college. The education law also included a second tier of aid in the form of grants, loans, and work study to give students some measure of choice in selecting the institutions best suited to their aspirations.

That concept made sense then and makes sense now. In reality, college costs have risen far more rapidly over the last 13 years than student aid funding has. As a result, the purchasing power of student aid has declined. Most importantly, the power of Pell grants to guarantee access to higher education has diminished seriously. In 1979, for example, the maximum Pell grant covered about 46 percent of the average college course. In 1984, it covered only 31 percent.

Obviously, students of modest means could not make up that great a loss with their own resources. Increasingly, they have resorted to guaranteed loans and often assumed unmanageable debts.

This is not what Congress had in mind when the student aid structure was devised. In reauthorization, I am hoping Congress will reassert the primacy of Pell grants as a basic educational opportunity program and restore the purchasing power of the second tier aid programs.

My other priority is provision of more equitable aid programs for part-time and adult students. The so-called nontraditional students who are the fastest growing population in postsecondary education. These highly motivated students who bear heavy family and financial burdens make great sacrifices to get an education. Yet, Federal student aid policy discriminates against them and does not provide aid commensurate with that offered to full-time students in the same or even better financial circumstances.

This is an unfair situation and works against the national interest in lifelong learning and the education of workers whose skills have been rendered obsolete by today's rapidly changing economy. I have been working with a coalition of organizations to develop sensible recommendations for part-time student aid, which I will present at a later date.

Today, we are waiting to hear from the students and I will yield the floor to them now. I hope the themes I have raised will reflect their veiws and concerns. Again, I thank you for coming to the City University of New York to consider our common interests and I hope the testimony will be useful to your deliberations.

Thank you, Mr. Chairman.

[Prepared statement of Joseph S. Murphy follows:]

PREPARED STATEMENT OF JOSEPH S. MURPHY, CHANCELLOR OF THE CITY UNIVERSITY OF NEW YORK

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The administration tells us, college is not for everyone. According to this view, too many "unqualified" people—that is, people with low scholastic aptitude test scores—are getting into college these days. Many of them lack basic skills; many of them drop out. Why, the argument goes, spend tax dollars to promote this state of affairs?

In reauthorizing the Higher Education Act, you in Congress will have to answer that argument clearly and convincingly. Congress must act on the knowledge that the National investment in higher education is more important to our national security than any weapons system. Higher education is essential to developing the brainpower this country needs to stay afloat economically and technologically and that brainpower is not restricted to wealthy people, nor to people who test well at age 17, nor to people who perform brilliantly in high school.

Moreover, higher education has been, is now, and will continue to be the best entree into middle-class life in our society. Undermining the access of poor and working-class people to college will have the effect, intended or not, of blocking their aspirations to better their lot and instituting a rigid class structure.

The country profits enormously when its citizens are given an opportunity to fulfill their intellectual potential, and suffers in all kinds of ways when that opportunity is denied. Mr. Chairman, I trust that you and your colleagues on the subcommittee—who have been architects and supporters of the national commitment to higher education—will do all you can to assure that the new law will advance, not reverse, this commitment.

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Mr. FORD. Thank you. We have a statement from each of them? We have prepared statements from each of the participants in the panel. Without objection, those statements will be placed in the record immediately preceding whatever comments you wish to make on them and you can proceed.

Mr. SOLARZ. Mr. Chairman?

Mr. FORD. Yes?

Mr. SOLARZ. Will we have an opportunity to ask Chancellor Murphy any questions or would you prefer to

Mr. FORD. You would like to do that now? Sure.

Mr. SOLARZ. Well, could I?

Mr. FORD. Go right ahead, Mr. Solarz.

Mr. SOLARZ. Thank you very much, Mr. Chairman.

Chancellor Murphy, do you think that every high school graduate in the country should go to college?

Mr. MURPHY. If he wants, if he or she wants to, yes. It seems to me that the notion that anyone can reasonably expect alternatives or options during their work life with nothing more than a high school certificate is not reasonable. Quite apart from the complexity of the increasing and growing complexity of a technological nature, more importantly are opportunities for upward mobility. There are lots of jobs in this country that are not in themselves rewarding, but there are lots of those unrewarding jobs that people are prepared to take and work hard at if they believe that somehow they are going to be able to move ahead in the system. And that has pretty much been a tradition in this country. We do not have a rigid class system where one's born to a shoemaker, one is a shoemaker all one's life. One may start as a shoemaker, but one could end anywhere at all, right in the U.S. Congress. But the vehicle for that has always been and continues to be in this society education, so that the opportunities for education and class mobility are ultimately dependant upon public actions that advance traditional social and historical vehicles that have existed in America from the very beginning.

Mr. SOLARZ. Do you know offhand what percentage of the high school graduates in the country go on to college?

Mr. MURPHY. I believe it is roughly half.

Mr. SOLARZ. Now, I take your point. I fully agree with that every high school graduate in the country who wants a college education should have the opportunity to get one. But, if I can just press you a little bit further on this, looking at it from the prospective of the students themselves, do you think, that in fact, every high school graduate should get a college education? Or do you think for some, given their interest, given their inclinations, given their talents, given their abilities, that it might be best for them not to get a college education but to either go out right away into the world of work or to get technical training or an apprenticeship somewhere? I would be interested in your views on that?

Mr. MURPHY. Well, I think there are two things to be said. The first is who gets to decide what is best for them? If the student decides, that is best to me right now and that is a reasonable decision presumeably, and that is a decision the student, the high school graduate makes. If it is our system that decides that it is now best for them not to go on, then that is clearly not the kind of society any of us want.

Moreover, the opportunities for changing one's mind, we are talking about an 18-year-old, 19-year-old, 20-year-old, making a decision that could last them for the rest of their lives. We have an educational system that allows for people to learn something in the world, change their minds, and go back to school. Larger and larger numbers of people are choosing to do that and I expect that that will be the pattern of the future provided we are able to come up with some kinds of programs that advance their interest.

In the State of New York, for example, last year, the Governor's budget contained a $10 million, very small item, $10 or $11 million item, for part-time tuition. It was the first State initiative in a

State that spends $300 million dollars a year on tuition assistance programs, the first initiative in the history of the State and in the history of tuition assistance programs to allow part-time students to move on. That was an important initiative and we hope that it will grow.

Mr. **Solarz**. One final question, is it your view that every high school graduate in the country or virtually all of the high school graduates in the country, in fact, have the capacity and the ability to benefit from a college education?

Mr. **Murphy**. Yes, it is. I believe that anyone who completes a high school education can in fact successfully maneuver, at the very least, 1 or 2 years of community college.

I would like to call your attention to the fact that at the moment we are only getting, in this town, half of the students who start school out of high school in the first instance, and although the national average is about 27 percent of the cohort, lost, lost not to graduate from high school. In large cities, it is much higher and among black and Hispanic people it probably runs as high as 70 percent. There is no way any of us can be persuaded that within that large numbers of students who do not even complete high school that if they could be brought to complete high school, there is lots and lots of talented and determined and motivated people who could make use of a college education.

At the very least, through the Associate of Arts degree.

Mr. **Solarz**. Thank you very much, Mr. Chairman.

Mr. **Biaggi**. To continue that line of questioning; I authored language a number of years back which would allow many of the private vocational schools to participate in the Student Loan Program. What motivated me was my knowledge of the realities of life. We know about the high dropout rate and the absence of motivation and there is no question that if the young folks went to college even if they were not top rate students they would benefit by the environment and by participation in one fashion or another. But in the sense of reality, many of these young folks, even when they graduate college, are really not qualified for anything, for any employment. They may have enriched themselves or enhanced their own intellectual capacity by being in that environment, but really in terms of practical experience turning that education into dollars and that is what they want. Of course, so many of them come from humble beginnings. As the statistics prove and they have many problems with the different courses, they have difficulty with language, they are unable to write well, difficulty with math. We know what the problems are but those are the facts.

Yet, however when we have these private schools that give them a hands-on ability to get themselves involved in a vocation of their choosing, they are motivated, to begin with, they are motivated and that motivation is clear simply by their participation. They are also motivated with the knowledge that they are learning something that can be immediately transformed into a wage earning capacity. Do not you think that that element of the Higher Education Act is critical?

Mr. **Murphy**. I am reminded, Mr. Biaggi, of how many of our colleagues in municipal government went through an institution called the Delahanti Institute (ph) which I am sure you are aware?

Mr. **Biaggi**. Sure, I'm one of them.

Mr. **Murphy**. And how many have served long and loyally in the civil service here in the city of New York. No doubt there are a number of these so called proprietaries that do a job and an important job, and by the way they are the fastest, most rapidly growing group in postsecondary education now in terms of enrollment. It is, however more sense that they have to be pretty carefully monitored with a motivation to establish a postsecondary institute of some kind where proprietary is profit only then the danger is that students will not be getting value for their dollars. And that is not to say that there are many like that, but I am sure it is to say that there are some like that. So, I would say yes, I am for support of these kinds of postsecondary vocational schools, I think these are important opportunities for people. I think they have to be monitored. I personally think that we, in higher education generally, public and private, ought to pay more attention to some of these proprietaries and in fact look to improve the education involved in some of the proprietaries and look to get the students out of the proprietaries eventually into our own institutions.

Mr. **Biaggi**. Well, clearly the monitoring aspect is that is a given and it should be clearly monitored because we know there are always people who take advantage and exploit a condition in order to receive some additional Federal dollars, but my experience with a number of these private schools is they do a great job and should be encouraged.

Mr. **Murphy**. I agree with that. Thank you.

Mr. **Biaggi**. Thank you, Mr. Chairman.

Mr. **Ford**. Thank you. Any other members of the panel have questions of Chancellor Murphy?

We will proceed with the panel now. As I have indicated, your statements will be printed in the record in addition to any comments that you should make, and we will start in the order that they appear on the program before me, Melvin Lowe, chair University Student Senate, City University of New York; Paul Josephson, president, Michigan Student Assembly at the University of Michigan; Edward Van Ginkle, former chair, California State Student Association; and Scott Dacey, president of the United Council of the University of Wisconsin Student Government; Ramona Ramiro, representative of the Independent Student Council; and we can start. Do you have an order of preference?

Mr. **Lowe**. I will go first.

Mr. **Ford**. Mr. Lowe?

STATEMENT OF MELVIN LOWE, CHAIR, UNIVERSITY STUDENT SENATE, CITY UNIVERSITY OF NEW YORK

Mr. **Lowe**. Good morning, Mr. Chairman and members of the subcommittee; my name is Melvin Lowe, I am chairperson of the University Student Senate of the City University of New York. The CUNY Student Center represents 185,000 students at the 20 campuses in the system and our purpose is to advocate on behalf of our students in Federal and State governments. I am also a full voting member of the CUNY Board of Trustees.

The City University of New York is the third largest university in the United States. Well over half of our student body are members of minority groups. I am very concerned as a student leader about the Federal Government's declining interest and economic support of programs that benefit students in postsecondary education.

At this time, Mr. Chairman and members of the subcommittee I would like to express concern over recent remarks made by the Secretary of Education, William J. Bennett. His statement that students should divest themselves of stereos, cars, and vacation trips to Florida has distorted the real-life situation and needs of students in this country.

In compliance with Secretary Bennett's request to divest, I am turning over to you the following items: First, my stereo, second, two tokens which I used on a recent vacation to Coney Island Beach and third, a pail of sand as a souvenir from my trip to the beach.

Please pass them on to Secretary Bennett?

Mr. FORD. Let me invoke our constitutional rights, in a way. It would clearly be unconstitutional for us, as representatives of the legislative branch to accept any property on behalf of the executive branch since the Secretary was foolish enough to make the suggestions that such divestiture take place. I suggest that you deliver them to him in any form that you find most appropriate to get his attention.

When we were having the hearing, I might mention to the other members of the committee, in Iowa; the day before our hearing, there was a demonstration at Iowa State, which is not normally a hot bed of excitement, and they had a huge sign, it said "Welcome to Bennett Beach." It happend to be a nice warm sunny day last month and there were students out there in their bathingsuits lying on blankets, playing their stereos and getting the other students to sign petitions to go to Members of Congress from the State of Iowa to tell them how important the student aid was to them and tell them that they were having their vacation right there on the campus. I cannot remember when anybody has said something that has gotten as much attention since the famous quotes of Secretary Butz that got him in trouble; then we had the Secretary of the Interior who said that when you have seen one tree you have seen them all; and I would suggest that statements that the Secretary made about students were about on a par with those previous great landmark statements, pronouncements of insensitivity.

Now your point is well taken, we will note that and report it and suggest that you do not, for one moment take this as a put off, but make sure that the Secretary does hear from a lot of people.

I think he has been a little quieter recently, perhaps because he did hear from people. More importantly, in all fairness, I think you should know that the Republican members of our committee were outraged just as we were, and they have communicated directly to the White House that concern. I know that that has happened also on the Senate side, so he did not find that there was anybody in his own party connected with higher education, either in the House or Senate who was willing to agree with any part of those remarks, and they have actually served a very good purpose.

I have to give him credit for the fact that he put before the American people and all of the news media, the issue of continued support for student assistance more dramatically than anybody that has talked on the subject for years, and I thanked him for this in front of the committee and said that I was saying it sincerely and I was saying it sincerely. I thanked him for elevating the public concern over student assistance to a level where it was being talked about on a par with the budget and Nicaragua and all the other things that the news media were getting excited about. At least for a couple of weeks you were the victims of his snide remarks, but those remarks caught the press's attention and for a couple of weeks American attention focused, and if you can keep America's attention on anything for two weeks, you are doing pretty good. It focused on what this argument is all about and I think that over the long haul it will benefit from that because the public is now expressing their concern by asking their members of Congress questions that they might otherwise not have been moved to ask. I am happy that you gave me an opportunity to respond to your presentation. I have a stereo, thank you. I did not have one when I went to college, by the way.

Mr. Lowe. All right. I would now like to discuss some of the major current budget proposals and their effects on student aid programs.

The Pell Grant Program should continue to be the cornerstone program of Federal financial aid to postsecondary students. It should be pointed out that well over 50 percent of Pell grant recipients were minorities and over 60 percent were women students.

The City University's students receive more Pell grant dollars per student than any other institution in postsecondary education. It is, however, of great concern that the number of poor, working class and minority students have declined significantly in the past few years. This is mainly due to the loss of purchasing power as a result of inflation in recent years.

In reviewing the Higher Education Act in the current reauthorization process, I believe it is important that Congress fight any efforts to eliminate the Supplemental Educational Opportunity Grant Program, the National Direct Student Loan Program, and the State Student Incentive Grant Program. These efforts are short sighted and will hurt poor, minority, and economically disadvantaged students. Nationally, nearly 1 million grants and loans will be eliminated for needy students. For example, around 25 percent of black and Hispanic seniors receive SEOG as opposed to only 10 percent of white students. Increasing funding for the Work Study Program at the expense of other aid programs is also short sighted and very limited in its effectiveness.

Many economically disadvantaged students in our system need as much time as possible to devote to their studies. Increasing work study and decreasing other aid programs would be shortsighted and contribute to raising the already high dropout rate among students.

The median age of the students at CUNY is close to 30 years old. This means many CUNY students work either full time or hold down more than one part-time job. It is our firm conviction that some sort of aid to part-time students be considered during the reauthorization process. More and more, students are also in need of child care services in order to attend school. Funding for child care would allow more students the opportunity to attend college. The TRIO programs have suffered almost a 50-percent loss in real dollars over the past 5 years. This series of programs provides vital services to students to encourage attendance and retention of disadvantaged peoples.

Over 80 percent of all CUNY students are first generation college students and often face special problems, particularly in the area of retention.

Students have not only been faced with reductions in aid programs because of inflation, but in recent years hundreds of thousands of students have lost Social Security benefits that were phased out in recent years. Students who lost these benefits now compete for other sources of aid resulting in a smaller pool of funds.

USS also opposes any effort to reimpose a subminimum wage for students working on the College Work Study Program. All provisions allowing for waivers to institutions in order to allow them to pay subminimum wages should be eliminated. One of the most significant accomplishments of the 1980 Reauthorization Act provided for payment of minimum wage to students on college work study.

The absence of significant numbers of minority students in graduate and professional schools is painfully obvious. Minority students need programs that will provide the necessary resources for them to attend these schools.

Although programs of this sort are small by Federal standards, any reduction or lack of significant increase would affect recruitment and retention of minority students in professional schools.

In conclusion, Mr. Chairman, I would like to request that you continue to include student input into the reauthorization process. The fact that we have an all student witness list and that all regions of the country are represented at this hearing is proof of the concern of students throughout the country. Student leaders who traveled thousands of miles to attend this hearing should be encouraged to continue their involvement.

From Nevada to West Virginia, from Mississippi to Connecticut, these student leaders have traveled to New York with only 3 weeks notice to take part in this weekend of activities. We look forward to continuing our work with your subcommittee. Thank you.

[Prepared statement of Melvin E. Lowe follows:]

PREPARED STATEMENT OF MELVIN E. LOWE, CHAIRPERSON, UNIVERSITY STUDENT SENATE, CITY UNIVERSITY OF NEW YORK

Good morning, Mr. Chairman and members of the Subcommittee. My name is Melvin E. Lowe and I am Chairperson of the University Student Senate of the City University of New York. The CUNY Student Senate represents 185,000 students at the 20 campuses in the system and our purpose is to advocate on behalf of our students in federal and state governments. I am also a full voting member of the CUNY Board of Trustees.

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In compliance with Secretary Bennett's request to divest, I am turning over to you the following items: first, my stereo; second, two tokens which I used on a recent vacation to Coney Island (Beach); and third, a pail of sand as a souvenir from my trip to the beach.

Please pass them on to Secretary Bennett. I hope that I have helped set an example for other students to follow.

I would now like to discuss some of the major current budget proposals and their effects on student aid programs.

The Pell Grant Program should continue to be the "cornerstone" program of federal financial aid to postsecondary students. It should be pointed out that well over 50% of Pell Grant recipients were minorities and over 60% were women students. The City University's students receive more Pell Grant dollars per student than any other institution in postsecondary education. It is however of great concern that the number of poor, working class and minority students have declined significantly in the past few years. This is mainly due to the loss of purchasing power as result of inflation in recent years.

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Thank you.

Mr. FORD. Mr. Josephson?

STATEMENT OF PAUL JOSEPHSON, PRESIDENT, MICHIGAN STUDENT ASSEMBLY, UNIVERSITY OF MICHIGAN

Mr. JOSEPHSON. Thank you, Mr. Chairman. Thank you, Mr. Chairman. Mr. Chairman and members of the Subcommittee, I am Paul Josephson, a sophomore at the University of Michigan and President of the Michigan Student Assembly, the student government for the 45,000 students attending University of Michigan.

I thank you for the opportunity to appear before you today to discuss the pending reauthorization of the Higher Education Act as a representative of the student body at Michigan.

As University of Michigan President Harold Shapiro told you last week at the hearing in Ypsilanti, Michigan; the Higher Education Act has served to define the Federal role in postsecondary education. I must agree with him on this point. Because most student aid for the 12,000 University of Michigan students on financial aid comes from the Federal Government, President Reagan's proposed cuts and changes in aid present students with a difficult choice: Will they remain in school and help them mortgage their future for their education, or will they simply be forced to leave school entirely?

Although the administration claims that only 21 percent of all students on aid will be affected, administrators at Michigan estimate that 70 percent of Michigan students will lose some aid.

It is vital to remember the importance of financial aid to students at Michigan. In State students pay one of the highest tuitions in the Nation for a public institution and as an out of State student at Michigan, I pay a tuition comparable to those at Ivy League Universities.

Although Michigan is a public institution, it is similar to private institutions in that the cost of attendance makes access to the university difficult for in State minorities and out of State students of all backgrounds.

One major campus issue that the administration and student government at Michigan is working on is that of minority recruitment and retention. In the past, those proposing solutions to the problems in recruiting minorities have assumed that if minority students could be convinced to come to Michigan, the university would be able to find the means to fund them.

Presently, about 5 percent of the enrolled students at Michigan are minorities in conflict with the goal of 10 percent enrollment set by University of Michigan administrators and students in 1970.

The only way to adequately represent the diversity of our Nation and the State of Michigan in our universities is to provide aid to minorities and needy white students.

Unfortunately, the proposed cuts in aid will present my university and others in similar situations with an additional obstacle in the path of achieving diversity and equality, the goals of student aid and affirmative action programs originally provided for by Congress.

This representation of diversity is vital because realizing that education is an investment in the future of our Nation, this education must be realistic and egalitarian and not elitist.

In addition to students' concern for proper minority representation in institutes of higher education, there is also great concern over the balance of grants, loans and work study. Students and their families have traditionally and should have the responsibility of paying for education. After all, aid should be just that, aid and not total subsidy unless the need of the student is great.

At the University of Michigan, we have seen a great increase in the amount of work study and loan assistance that a student must assume. Financial aid officials at Michigan have determined that between 1972 and 1982, grant aid increased 70 percent. Yet, in the same time frame, work study and loan assistance have increased 592 percent. This has two implications. First, as University of Michigan President Shapiro pointed out, we are mortgaging our future earnings by attending institutions such as Michigan and that career decisions will be influenced by that indebtedness rather than by natural ability or choice. Second and even more importantly, students who must carry heavy work loads in school and work long hours in work study or independant jobs unintentionally must sacrifice some quality of their school work. This is a complaint that we have heard often in student government at Michigan. This in turn simply further establishes and widens the existing educational gap between socioeconomic classes. The goal of financial aid is to provide more equal access to education, yet by requiring students who need financial aid to work more, as the current trend indicates, wealthier students will still receive a more valuable and enriching education.

In summation, it is obvious to any person interested in the financial aid issue and higher education that if current trends in educational cuts continue, as they would under the President's proposal and the Republican compromise, we will simply widen the gap between classes further, both economically and educationally. In other words, the rich not only get richer, they also get smarter.

If we are to preserve the original intent of financial aid to students during this time, where tuitions and fees are rapidly increasing, we cannot allow these cuts to pass. Although they may trim some dollars from the deficit, the long-term effect of these cuts will only short change all citizens of America.

Thank you very much, Mr. Chairman.

[Prepared statement of Paul Josephson follows:]

PREPARED STATEMENT OF PAUL JOSEPHSON, PRESIDENT, MICHIGAN STUDENT ASSEMBLY, UNIVERSITY OF MICHIGAN, ANN ARBOR

Mr. Chairman and members of the subcommittee, I am Paul Josephson, a sophomore at the University of Michigan and President of the Michigan Student Assembly, the student government for all students attending U of M. I thank you for this opportunity to appear before you today to discuss the pending reauthorization of the Higher Education Act of 1965 as a representative of the student body at Michigan.

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It is vital to remember the importance of financial aid to students at Michigan. In-state students pay one of the highest tuitions in the nation, and out-state students pay tuition comparable to those in Ivy League universities. Although Michigan is a public institution, it is similar to private institutions in that cost of attendance makes access to the University of Michigan difficult for in-state minorities and out-state students of all backgrounds.

One major campus issue that the administration and student government at Michigan is working on is that of minority recruitment and retention. In the past, those proposing solutions to the problems in recruiting minorities have assumed that if minority students could be convinced to come to Michigan, the University would be able to find a means to fund them. Presently approximately 5% of the enrolled students at Michigans are minorities, in conflict with the goal of 10% enrollment set by U of M administators and students in 1970. The only way to adequately represent the diversity of our nation in our universities is to provide aid to minorities and needy white students.

Unfortunately, the proposed cuts in aid will present my university, and others with similar problems, with an additional obstacle in the path of achieving diversity and equality, the goals of student aid and Affirmative Action programs originally provided for by Congress. This representation of diversity is vital because, realizing that education is an investment in the future of our nation, this education must be realistic, and egalitarian, not elitist.

In addition to students' concern for proper minority representation in institutes of higher education, there is also great concern over the balance of grants, loans, and work study. Students and their families have traditionally, and should have, the responsibility for paying for education. After all, aid should be just that—aid, and not total subsidy unless need of the student is great. At the University of Michigan, we have seen a great increase in the amount of work study and loan assistance that a student must assume. Financial aid officials at Michigan have determined that between 1972 and 1982, grant aid increased 70 percent. Yet in the same time frame, work study and loan assistance have increased 592 percent. This has two implications: first, as U of M President Shapiro pointed out, we are mortgaging our future earnings by attending institutions such as Michigan, and that career decisions will be influenced by that indebtedness rather than by natural ability or choice. Secondly, and even more importantly, students who must carry heavy work loads in school and work long hours in work study or independent jobs unintentionally must sacrifice some quality of their schoolwork. This in turn simply further establishes and widens the existing educational gap between socio-economic classes. The goal of financial aid is to provide more equal access to education, yet by requiring students who need financial aid to work more (as the current trend indicates), wealthier students will still receive a more valuable and enriching education.

In summation, it is obvious to any person interested in financial aid and higher education that if current trends in educational cuts continue, as they would under the president's proposal and the Republican compromise, we will simply widen the gap between classes further, both economically and educationally. In other words, the rich not only get richer, they also get smarter. If we are to preserve the original intent of financial aid to students during this time, where tuitions and fees are rapidly increasing, we cannot allow these cuts to pass. Although they may trim some dollars from the deficit, the long-term effect of these cuts will only short change all citizens of America.

Mr. **Ford**. Thank you. Mr. Van Ginkel?

STATEMENT OF EDWIN VAN GINKEL, FORMER CHAIR, CALIFORNIA STATE STUDENT ASSOCIATION

Mr. **Van Ginkel**. Congressman Ford, members of the subcommittee; I am Ed Van Ginkel, a graduate student at San Diego State University.

Thank you for this unique opportunity where students can offer their perspective on student financial aid issues.

As a member of the California State Student Association, I address you today on behalf of students in California, particularly California State University students.

With a lot of student aid support from the Federal Government, California has made a strong commitment to offering its citizens access to a college education through nearly 250 public and private colleges and universities. Of the more than 1.6 million Californians attending postsecondary education institutions, nearly 1 million are part-time students, 52.5 percent are female, and 37 percent are ethnic minorities.

In the California State University system alone, the Nation's largest 4-year public university system, well over 313,000 students are annually working toward attaining their educational goals, 52 percent of whom are female, 5.5 percent are black, and 8 percent are Hispanic.

Known as the people's university, the CSU offers many Californians their only chance at earning that 4-year degree because of its relatively low fees and accessibility.

In case after case, students attending the CSU are the first generation in their families to go to college, myself included. For nearly one-third of the CSU population, approximately 91,000 students, an education is possible only because of financial aid, that is scholarships, grants, loans, and work.

Of these 91,000 financial aid recipients, 45,000 depend on the Pell Grant Program and 43,000 rely on the Guaranteed Student Loan Program. Of that pool 96 percent are from families with incomes below $33,500 and 54 percent are from an ethnic minority.

As we all know, President Reagan's student aid proposals for fiscal year 1986 would truly be disastrous for students and the future of this country. Thousands of California students would either be ineligible for any of the Federal student aid programs or have serious reductions in their awards if the President's arbitrary limits in caps are approved. These dangerous reductions will either force students to seriously cut back on their course loads as they search for employment to cover these reductions or to abandon their educational goals altogether.

I have attached to my remarks, Mr. Chairman, the personal testimony of two CSU students, Maria and Sandra, reflect the diversity of students in the California State University and are examples of the pain the Reagan proposals would inflict in my State. They represent a small fraction of the 15,090 or so students on California State University campuses who are expected to be negatively impacted.

The second attachment to my testimony is a statewide estimation of the impact of the President's proposals recently compiled by the California Postsecondary Education Commission. This analysis summarizes a more detailed campus-by-campus breakdown based on information offered by public and private institutions. For example, in Congressman Mervyn Dymally's district alone, 272 students would lose access to 673,000 Pell dollars if the Reagan proposals are approved. Or, 396 students in Congresswoman Bobbi Fiedler's more affluent district would lose over a million in Pell awards. A million dollars, that is. Students attending institutions in districts represented by David Dreier, Sala Burton, and Bill Lowery would be pinched even worse.

Specifically though, let me briefly address one point which troubles us in California. This notion of subtracting a self help contribution from the Pell grant cost of attendance before the amount of the award determined is outrageous.

Currently, when a student applies for financial assistance, a student and/or parental contribution level is already calculated into eligibility in accordance with the Uniform Methodology of Need Analysis.

In the California State University, the minimum student contribution averages $1,100. In other words, students and their families do not have a free ride now and such a self help proposal is merely a thinly disguised mechanism for driving students away from the Pell Program.

I am not very optimistic about the Senate Reagan compromise package, either. This package has, I believe, a couple of very dangerous features. Although the income ceiling has been raised to $60,000, it is nonetheless just as arbitrary as $25,000 or $32,500 and not a fair or effective way to reduce the deficit. And the $8,000 cost of attendance cap would play havoc with our so-called nontraditional students.

According to student expense statistics in my State, every married or single parent student in the CSU would have his or her eligibility seriously reduced. Such a cap could reverse years of effort to make higher education accessible to nontraditional students.

As we move toward reauthorization of the Higher Education Act, we would like to direct your attention toward a few issues.

First, grant programs should be equitably based to ensure that any student who wants an education has access to one. Specifically, any maximum grant level increases ought to be connected to corresponding increases in the percent of the cost of attendance.

Second, the student aid application and need analysis process should be automated as well as simplified.

Third, all guaranteed student loan applicants should be subjected to needs test and the loans should not exceed a student's needs.

Fourth, more efforts should be made by guarantee agencies, postsecondary education institutions and lenders to counsel students about the alternatives to and the ramifications of taking out a GSL.

Fifth, students should be offered modified GSL repayment options, such as loan consolidation and variable graduated or extended repayment schedules.

Sixth, guarantee agency authorities should be strengthened to limit, suspend, or terminate schools with excessive and abusive default rates.

Seventh, while lenders have assisted millions of students in garnering an education via the GSL Program, it is time they become full partners in this $3 billion taxpayer and student subsidized loan program. Incentives must be devised to make lending institutions much more responsible and accountable for default prevention and adherence to effective due diligence standards.

What should be clear from the above recommendations is that we in California State University system are willing to tighten our student aid belts in the name of equity. We do not, however, believe President Reagan should be permitted to pit defense interests against domestic needs, especially in a time of peace. He has been attacking student aid since he first stepped into office in 1980. Fortunately, he has been resoundingly defeated on a bipartisan basis time and time again. He has, nevertheless, succeeded at chiselling away at the student aid foundation.

Now and during the reauthorization process, Congress must remind the President and the Nation that a well educated citizenry is the best defense. I urge you to defend, renew, and revitalize that long-standing, deep-rooted bipartisan commitment to a well educated nation through strong student assistance programs.

Once again, thank you for this opportunity and I hope you will hold additional hearings to solicit student input.

[Prepared statement of Ed Van Ginkel follows:]

PREPARED STATEMENT OF ED VAN GINKEL, GRADUATE STUDENT AT SAN DIEGO STATE UNIVERSITY

Congressman Ford, members of the Subcommittee, I am Ed Van Ginkel, a graduate student at San Diego State University. Thank you for this unique opportunity where students can offer their perspective on student financial aid issues. As a member of the California State Student Association, I address you today on behalf of students in California and particularly California State University students.

With a lot of student aid support from the federal government, California has made a strong commitment to offering its citizens access to a college education through nearly 250 public and private colleges and universities. Of the more than 1.6 million Californians attending postsecondary education institutions, nearly one million are part-time students, 52.5 percent are female and 37 percent are ethnic minorities.

In the California State University system alone, the nation's largest four-year public university system, well over 313,000 students are annually working toward attaining their educational goals, 52 percent of whom are female, 5.5 percent are black and eight percent are Hispanic. Known as the "People's University," the CSU offers many Californians their only chance at earning that four-year degree because of its relatively low fees and accessibility. In case after case, students attending the CSU are the first generation in their families to go to college. For nearly one-third of the CSU population, approximately 91,000 students, an education is possible only because of some form of financial aid—scholarships, grants, loans and work—upon which they are dependent. Of these 91,000 financial aid recipients, 45,000 depend on the Pell Grant Program and 43,000 rely on the Guaranteed Student Loan Program. Ninety-six percent of the pool are from families with income below $33,500 and 54 percent are from an ethnic minority group.

THE PRESIDENT'S PROPOSALS

As we all know, President Reagan's student aid proposals for Fiscal Year 86 would truly be disastrous for students and the future of this country. Thousands of California students would either be ineligible for any of the federal student aid programs or have serious reductions in their awards if the President's arbitrary limits and caps are approved. These dangerous reductions could either force students to seriously cut back on their course loads as they search for employment to cover these reductions or to abandon their educational goals altogether.

I have attached to my remarks, Mr. Chairman, the personal testimony of two CSU students. Maria and Sandra reflect the diversity of students in the California State University and are examples of the pain the Reagan proposals would inflict in my state. They represent a small fraction of the 15,000 or so students on California State Unviersity campuses who are expected to be negatively impacted.

The second attachment to my testimony is a statewide estimation of the impact of the President's proposals recently compiled by the California Postsecondary Education Commission. This analysis summarizes a more detailed campus-by-campus breakdown based on information offered by public and private institutions. For example, in Congressman Mervyn Dymally's district alone, 272 students would lose access to 673,360 Pell dollars if the Reagan proposals are approved. Or, 396 students in Congresswoman Robbi Fieldler's more affluent district would lose $1,078,276 in Pell awards. Students attending institutions in districts represented by David Drier, Sala Burton and Bill Lowery would be pinched even worse.

Specifically, though, let me briefly address one point which troubles us in California. This notion of subtracting a "self-help contribution" from the Pell Grant cost of attendance before the amount of the award is determined is outrageous. Currently, when a student applies for financial assistance, a student and/or parental contribution level is already calculated into eligibility in accordance with the Uniform Methodology of Need Analysis. In the California State University, the minimum student contribution averages $1,100. In other words, students and their families do not have a "free ride" now, and such a "self help" proposal is merely a thinly-disguised mechanism for driving students away from the Pell Program.

SENATE/REAGAN COMPROMISE

I am not very optimistic about the Senate-Reagan Compromise package, either. This package has, I believe, a couple of very dangerous features.

Altough the income ceiling has been raised to $60,000, it is nonetheless just as arbitrary as $25,000 or $32,500 and not a fair or effective way to reduce the deficit. And the $8,000 cost of attendance cap would play havoc with our so-called "non-traditional" students. According to student expense statistics in my state, every married or single parent student in the CSU would have his or her eligibility seriously reduced. Such a cap could reverse years of effort to make higher education accessible to non-traditional students.

REAUTHORIZATION ISSUES

As you move toward reauthorization of the Higher Education Act, we would like to direct your attention toward a few issues.

(1) Grant programs should be equitably based to ensure that any student who wants an education has access to one. Specifically, any maximum grant level increases ought to be connected to corresponding increases in the percent of the cost of attendance.

(2) The student aid application and needs analysis processes should be automated as well as simplified.

(3) All Guaranteed Student Loan applicants should be subjected to a needs test and the loan should not exceed a student's need.

(4) More effort must be made by guarantee agencies, postsecondary education institutions and lenders to counsel students about the alternatives to and ramifications of taking out a GSL.

(5) Students should be offered modified GSL repayment options such as loan consolidation and variable, graduated or extended repayment schedules.

(6) Guarantee agency authority should be strengthened to limit, suspend and/or terminate schools with excessive and abusive default rates.

(7) While lenders have assisted millions of students in garnering an education via the GSL Program, it is time they become full partners in this $3 billion taxpayer- and student-subsidized loan program. Incentives must be devised to make lending institutions much more responsible and accountable for default prevention and adherence to effective due diligence standards.

CONCLUSION

What should be clear from the above recommendations is that we in the California State University system are willing to tighten our student aid belts in the name of equity. We do not, however, believe President Reagan should be permitted to pit defense interest against domestic needs—especially in a time of peace. He has been attacking student aid since he first stepped into office in 1980. Fortunately, he has been resoundingly defeated—on a bipartisan basis—time and time again. He has, nevertheless, succeeded at chiselling away at the student aid foundation.

Now, and during the reauthorization process, Congress must remind the President, and the nation, that a well-educated citizenry is the best defense. I urge you to defend, renew and revitalize that long-standing, deep-rooted, bipartisan commitment to a well-educated nation through strong student assistance program.

Once again, thank you for this opportunity and I hope you will hold additional hearings to solicit student input. I would be happy to respond to any questions.

APPENDICES

TESTIMONY OF MARIA MARTINEZ, STUDENT AT CSU, SACRAMENTO

I am Maria Martinez, a junior studying Psychology at California State University, Sacramento. I am only able to go to school because of the various financial assistance programs which exist.

I have been asked to share the educational aspects of my life with you so you can see how necessary financial aid is for my education. I am not asking for—nor do I want—your sympathy. I only ask that you take an active role in helping beat back Mr. Reagan's ugly financial aid proposals.

I come from a large Puerto Rican family which moved from New York to California when I was little. I left my six sisters and one brother when I was 13. To make a painful study short, let me just say that I grew up in the streets and have lived through hell. I finished high school at 16 and had a child at 19.

While I lived in San Diego, I attended Grossmont Community College for a while, but it was too large and frightened me. When I moved to Monterey, I enrolled at Monterey Peninsula Community College where they cared and were patient with me. I needed to be refined a bit, for I was rough around the edges.

At Monterey I got to do some counseling when I worked in the learning skills center. I loved it. I'm studying psychology at Sac State to become a corrections counselor. Because of my past experiences, I really believe that I have a lot to offer young people who get into trouble. My education is very important to me.

I am a single mother with a child requiring special care and attention due to her physical condition. To support me and my child this year, I receive child support through AFDC. I am in the Educational Opportunity Program at Sac State and receive about $1,500 through EOP and State aid. I also get $2,000 from Work Study for working 20 and 25 hours a week, $1,150 from Pell, $550 from SEOG and a $900 student loan. I also qualified for two separate $500 scholarships when I transferred from Monterey Peninsula to Sac State.

Everybody is saying that President Reagan's budget proposal is going to hurt the middle-income people and not lower income people like me. But, as you can see, that is not true. If his financial aid proposals are passed, I will be severely pinched. As you can see I receive more than $4,000 in federal student aid. I would have to get the additional money to live on from somewhere else or not get it at all.

I will not dropout of school if my aid gets cut. I have a year and a half left. I am a survivor and am determined to get my education. I may not buy new clothes for three years instead of two years and I may only eat one piece of meat with my dinner a week and my baby may not get that coat she needs and I will put more blankets on the bed instead of paying for PG&E or SMUD.

I am the only one in my family to go to school; in fact, my father thinks I am stupid for doing so. I'm not stupid, I just want to do something to help change the system. People really believe in me. I'm not smart and I take a little longer to study than most people, but I've been stomped on all my life and I'll keep fighting back.

My education has been real good for me. Besides my child, it has given me something to feel good about. I want to give something to my legacy—Angelina. I want to give her a better shot at life than I had, teach her that you've got to give life honesty, dignity and determination.

TESTIMONY OF SANDRA, STUDENT AT CPSU, CAL POLY

I appreciate this opportunity to share with you my insights into what would result if President Reagan's financial aid proposals were to become reality. Hopefully, my testimony and the testimony of my fellow students will demonstrate the real effects of the proposed cuts on our lives.

I am Sandra, and I have been asked to speak here because I and my family exemplify what we feel is a common situation for many students throughout California and the nation.

I am one of five children who are dependent on my mother's teaching salary and financial aid in order to attend college. My mother earns approximately $30,000 and is only able to monetarily contribute little to the educations of her five children.

Given that my family and I are representative of so many others who would be adversely affected by President Reagan's proposed cuts in financial aid, I will summarize for you our individual situations and the potential ramifications to our pursuance of an education.

Let me give you a little background on my family. My 24 year old sister Cynda graduated from high school with a 4.0 GPA. She attended Cal Poly, San Luis Obispo and received her degree in Ag. Business Management. She has just completed her Masters in Marketing. While at college she was recognized for her outstanding contribution to university policy development and was singled out for excellence in her field of study.

Betty, 21, graduated from high school with a 3.8 GPA and is now a Physical Therapy major at Long Beach State University. She is interested in working with children who are born with physical handicaps.

In order to be accepted into this highly competitive program, Betty had to maintain a minimum GPA of 3.5 (she has a 3.67), had to perform at least 500 hours of service in Physical Therapy, and must have been recognized by the professionals for whom she had worked as being highly competent and promising. The rigorous demands of Betty's degree program mandate that she take a course load of at least 16 units a semester, as well as demanding that she attend college this coming summer term and spend extra time in study because of a extra-ordinary amount of lab classes which require more time than most non-lab classes.

Like the rest of the children, Betty supports herself by working and saving during the summers, and relies on financial aid to make up the balance. As you can see, in a technical major such as this, a student cannot work any significant number of hours while enrolled in classes because:

1. Most courses follow a particular sequence and may not be offered in some semesters. This makes it impossible to take fewer classes in order to work more hours because postponing one class might set a student behind his/her academic progression by a year or more.
2. A high GPA must be maintained in order to show satisfactory academic progress in a current degree program, and in order to get accepted to graduate level degree programs.
3. As in Betty's case, being required to enroll in classes for summer quarters works against her only means of self support other than financial aid—that being working summers in order to save for the academic year.

My brother Bryan, 20, is majoring in Bio-Engineering Pre-Med at University of California San Diego, where he is maintaining a 3.97 GPA. Bryan has already been recognized for outstanding achievement in his field of study. Like Betty, Bryan struggles with the same forces of sequential classes, heavy unit loads and time-consuming labs. Bryan is planning on going into Orthopedics and working on innovations in artificial limb science.

My brother Erik, 20, is majoring in Animal Science Pre-Vet at Cal Poly Pomona where he maintains a 3.97 GPA. Erik is involved in professional development activities at Cal Poly and has been recognized for outstanding academic achievement.

I am in my last leg of the business program at Cal Poly, San Luis Obispo, but have recently been forced to temporarily drop out of school because I can no longer afford to attend. At Cal Poly I maintain a high GPA and have been heavily involved in educational policy development on local and statewide levels.

With each of the five children in my family, we would not be able to attend college if it weren't for financial aid programs—most of them federal. Additionally, if President Reagan's financial aid proposals are passed, our aid would be reduced by up to 80%. With such large reductions, we are left with uncertainty as to how we will afford to complete our degrees.

As you can see, hard working students with high performance and great potential will be forced to abandon their goals. My family members are only five of many such deserving students who do all they can, but are not able to afford an education without federal financial aid.

The proposals ignore several key facts that must be addressed:

1. Regardless of parental income, some students are left to support themselves through school. Financial aid formulas do not allow for this and penalize the students if he/she receives no parental support.
2. Some students are financially independent of their parents long before age 22. The proposed policies ignore actual need and propose that no student under 22 be declared independent.

Age 22 is when many students would normally be finishing their degree programs. Under the proposed policies, what is an 18, 19, 20 or 21 year old independent student to do in order to attend college if financial aid policies refuse to acknowledge him/her as independent until age 22? I recognize that the intent is to ensure that the independent status is not being abused. But California, where a student is required to be independent for 3 years before being classified as such, seems to have limited such abuses.

3. Degree programs which require sequential programs and extra courses make it nearly impossible to work during an academic year. Additionally, student employ-

ment tends to be for low wages and unstable hours. Would President Reagan's financial aid proposals have the side effects of directing students away from these time consuming areas which have become such a crucial part of our educational training and towards which we have been trying to direct students?

As I told you before, I have had to temporarily drop out of school in order to save money for school. I know I will eventually finish my degree. I am already several thousand dollars in debt, as are my brothers and sisters. If President Reagan is successful in redefining financial aid programs, hard working and promising students such as myself and my family will have to rethink our goals based upon financial resources rather than intellectual competence and professional interests.

FEDERAL STUDENT AID IMPACT ESTIMATE
California Statewide Summary

prepared by
California Postsecondary Education Commission, 1020 Twelfth Street, Sacramento, California 95814, (916) 445-7933

Federal Student Aid Impact Estimate

Statewide Summary

----- Fall 1983 Headcount Enrollment -----

Student Level	Black	American Indian	Asian	Hispanic	White	Filipino	All Other	Full Time	Part Time	Total
Undergraduate										
Male	49,142	9,530	58,936	74,030	416,037	13,856	92,794	328,829	385,496	714,325
Female	63,568	10,411	51,511	78,023	504,692	13,393	90,435	319,335	492,698	812,033
Graduate										
Male	2,620	440	6,740	4,188	54,656	284	23,954	46,887	45,995	92,882
Female	3,212	552	4,970	4,037	50,787	303	15,831	34,605	45,087	79,692
Total	118,542	20,933	122,157	160,278	1,026,172	27,836	223,014	729,656	969,276	1,698,932

----- Impact On Student Aid -----

Aid Types	1983-84 Academic Yr	1984-85 Academic Yr	1985-86 Academic Yr	1986-87 Academic Yr	84-85 to 86-87 Net Change
Pell Grants					
Federal Allocation	130,208,625	139,807,264	104,855,419	104,855,419	-34,951,845
Number of Awards	232,982	154,947	139,405	139,405	-15,542
S.E.O.G.					
Allocation	30,580,534	30,513,103	33,259,197	0	-30,513,103
Awards (In $)	29,827,686 *	26,261,722	28,625,220	Unknown	Unknown
Number of Awards	48,915	42,932	46,727	Unknown	Unknown
College Work Study					
Allocation	47,380,493	44,901,721	47,595,742	68,347,394	23,445,673
Earned Amount	52,703,908	34,714,199	Unknown	Unknown	Unknown
Number of Awards	46,606	38,946	Unknown	Unknown	Unknown
N.D.S.L.					
Allocation	18,725,385	15,175,772	17,452,108	0	-15,175,772
Dollars Borrowed	56,318,089	49,413,566	49,413,566	66,865,674	17,452,108
Number of Awards	50,175	48,303	48,303	59,661	11,358
G.S.L.					
Allocation	319,340,521	161,040,959	Not Proj.	Not Proj.	Not Proj.
Number of Awards	124,780	64,435			
SSIG - Cal Grant					
Cal Grant A					
Allocation	57,039,000	62,105,000	62,105,000	54,341,875	-7,763,125
Number of Awards	38,308	38,205	38,205	33,389	-4,816
Cal Grant B					
Allocation	26,478,149	27,152,182	27,152,182	23,758,158	-3,394,024
Number of Awards	19,840	20,512	20,512	17,876	-2,636
Cal Grant C					
Allocation	406,716	402,851	402,851	352,655	-50,196
Number of Awards	676	3,201	3,201	2,750	-451

Source: California Postsecondary Education Commission

Federal Student Aid Impact Estimate

University of California

----- Fall 1983 Headcount Enrollment -----

Student Level	Black	American Indian	Asian	Hispanic	White	Filipino	All Other	Full Time	Part Time	Total
Undergraduate										
Male	1,591	267	7,611	3,264	34,236	1,076	4,170	47,945	4,270	52,215
Female	2,383	231	6,870	3,021	34,121	1,135	3,352	46,920	4,193	51,113
Graduate										
Male	625	92	1,897	1,115	13,753	89	5,552	21,966	1,157	23,123
Female	557	87	1,163	747	9,657	79	2,548	14,082	756	14,838
Total	5,156	677	17,541	8,147	91,767	2,379	15,622	130,913	10,376	141,289

----- Impact On Student Aid -----

Aid Types	1983-84 Academic Yr	1984-85 Academic Yr	1985-86 Academic Yr	1986-87 Academic Yr	84-85 to 86-87 Net Change
Pell Grants					
Federal Allocation	23,499,539	18,657,431	13,993,070	13,993,070	-4,664,361
Number of Awards	20,018	18,505	16,650	16,650	-1,855
S.E.O.G.					
Allocation	5,370,995	5,547,987	6,047,302	0	-5,547,987
Awards (In $)	6,406,437	4,943,272	5,388,162	Unknown	Unknown
Number of Awards	7,109	7,568	8,245	Unknown	Unknown
College Work Study					
Allocation	9,879,962	9,597,417	10,173,258	14,608,794	5,011,377
Earned Amount	11,849,166	Unknown	Unknown	Unknown	Unknown
Number of Awards	9,562	6,364	Unknown	Unknown	Unknown
N.D.S.L.					
Allocation	3,902,814	3,148,637	3,620,931	0	-3,148,637
Dollars Borrowed	18,746,887	14,725,361	14,725,361	18,346,292	3,620,931
Number of Awards	14,875	15,538	15,538	20,031	4,493
G.S.L.					
Allocation	75,915,310	43,883,521	Not Proj.	Not Proj.	Not Proj.
Number of Awards	27,341	19,608			
SSIG - Cal Grant					
Cal Grant A					
Allocation	12,399,000	13,447,000	13,447,000	11,766,125	-1,680,875
Number of Awards	14,456	14,412	14,412	12,606	-1,806
Cal Grant B					
Allocation	5,613,000	6,321,000	6,321,000	5,530,875	-790,125
Number of Awards	3,358	3,542	3,542	3,095	-447

Source: California Postsecondary Education Commission
April 1985

Federal Student Aid Impact Estimate

California State University

----- Fall 1983 Headcount Enrollment -----

Student Level	Black	American Indian	Asian	Hispanic	White	Filipino	All Other	Full Time	Part Time	Total
Undergraduate										
Male	6,023	1,658	12,043	10,500	75,138	2,085	17,002	90,980	33,469	124,449
Female	8,560	1,592	10,585	11,019	81,516	2,249	13,751	94,560	34,712	129,272
Graduate										
Male	868	257	2,477	1,613	15,268	195	4,932	5,647	19,963	25,610
Female	1,531	376	1,982	2,212	23,184	224	5,060	8,613	25,956	34,569
Total	16,982	3,883	27,087	25,344	195,106	4,753	40,745	199,800	114,100	313,900

----- Impact On Student Aid -----

Aid Types	1983-84 Academic Yr	1984-85 Academic Yr	1985-86 Academic Yr	1986-87 Academic Yr	84-85 to 86-87 Net Change
Pell Grants					
Federal Allocation	41,460,304	48,031,565	36,023,669	36,023,669	-12,007,896
Number of Awards	45,582	45,057	40,545	40,545	-4,512
S.E.O.G.					
Allocation	7,291,307	7,409,117	8,075,927	0	-7,409,117
Awards (In $)	6,933,836	7,137,107	7,779,440	Unknown	Unknown
Number of Awards	12,279	11,429	12,451	Unknown	Unknown
College Work Study					
Allocation	9,565,657	9,399,026	9,962,959	14,306,801	4,907,775
Earned Amount	11,328,385	11,920,335	Unknown	Unknown	Unknown
Number of Awards	8,756	8,708	Unknown	Unknown	Unknown
N.D.S.L.					
Allocation	1,096,650	714,845	822,067	0	-714,845
Dollars Borrowed	14,364,671	13,095,780	13,095,780	13,917,847	822,067
Number of Awards	14,399	14,259	14,259	15,226	967
G.S.L.					
Allocation	80,587,830	27,358,533	Not Proj.	Not Proj.	Not Proj.
Number of Awards	33,489	11,240			
SSIG - Cal Grant					
Cal Grant A					
Allocation	3,131,000	3,357,000	3,357,000	2,937,375	-419,625
Number of Awards	11,285	11,295	11,295	9,873	-1,422
Cal Grant B					
Allocation	7,943,000	7,686,000	7,686,000	6,725,250	-960,750
Number of Awards	6,496	6,906	6,906	6,035	-871
Cal Grant C					
Allocation	1,586	846	846	740	-106
Number of Awards	2	1	1	0	-1

Source: California Postsecondary Education Commission

Federal Student Aid Impact Estimate

California Community Colleges

***** Fall 1983 Headcount Enrollment *****

Student Level	Black	American Indian	Asian	Hispanic	White	Filipino	All Other	Full Time	Part Time	Total
Undergraduate										
Male	40,015	7,491	36,517	58,128	287,188	10,695	56,624	149,866	344,792	494,658
Female	50,584	8,461	31,349	61,607	370,111	10,009	59,615	140,288	451,448	591,736
Total	90,599	15,952	67,866	119,735	657,299	20,704	116,239	290,154	796,240	1,086,394

***** Impact On Student Aid *****

Aid Types	1983-84 Academic Yr	1984-85 Academic Yr	1985-86 Academic Yr	1986-87 Academic Yr	84-85 to 86-87 Net Change
Pell Grants					
Federal Allocation	45,381,935	51,441,299	40,080,962	40,080,962	-11,360,337
Number of Awards	153,000	76,645	68,962	68,962	-7,683
S.E.O.G.					
Allocation	11,685,088	10,705,672	11,609,133	0	-10,705,672
Awards (in $)	10,363,606	9,242,172	10,073,932	Unknown	Unknown
Number of Awards	21,932	17,915	19,587	Unknown	Unknown
College Work Study					
Allocation	15,479,807	15,401,487	16,325,529	23,443,408	8,041,921
Earned Amount	16,724,761	13,599,371	Unknown	Unknown	Unknown
Number of Awards	17,232	14,785	Unknown	Unknown	Unknown
N.D.S.L.					
Allocation	959,466	935,867	1,076,252	0	-935,867
Dollars Borrowed	3,204,470	2,368,544	2,368,544	3,444,786	1,076,242
Number of Awards	4,714	3,107	3,107	3,985	878
G.S.L.					
Allocation	70,576,085	27,632,386	Not Proj.	Not Proj.	Not Proj.
Number of Awards	32,668	12,329			
SSIG + Cal Grant					
Cal Grant B					
Allocation	8,502,149	9,061,182	9,061,182	7,911,033	-1,130,149
Number of Awards	8,669	8,810	8,810	7,669	-1,141
Cal Grant C					
Allocation	315,856	359,605	359,605	314,618	-44,987
Number of Awards	637	3,186	3,186	2,740	-446

Source: California Postsecondary Education Commission
April 1985

Federal Student Aid Impact Estimate

Independent Universities

----- Fall 1983 Headcount Enrollment -----

Student Level	Black	American Indian	Asian	Hispanic	White	Filipino	All Other	Full Time	Part Time	Total
Undergraduate										
Male	1,513	116	2,765	2,138	19,475	0	16,551	39,581	2,965	42,546
Female	2,061	127	2,707	2,376	18,964	0	13,681	37,521	2,355	39,876
Graduate										
Male	1,096	83	2,296	1,403	24,981	0	13,469	18,464	24,865	43,328
Female	1,082	84	1,753	1,052	17,434	0	8,221	11,266	18,368	29,614
Total	5,752	408	9,521	6,959	80,812	0	51,912	106,822	48,562	155,364

----- Impact On Student Aid -----

Aid Types	1983-84 Academic Yr	1984-85 Academic Yr	1985-86 Academic Yr	1986-87 Academic Yr	84-85 to 86-87 Net Change
Pell Grants					
Federal Allocation	19,866,847	19,676,969	14,757,718	14,757,718	-4,919,251
Number of Awards	14,382	14,740	13,248	13,248	-1,492
S.E.O.G.					
Allocation	6,233,152	6,850,327	7,466,815	0	-6,850,327
Awards (in $)	6,123,809	4,939,171	5,383,685	Unknown	Unknown
Number of Awards	7,595	6,020	6,544	Unknown	Unknown
College Work Study					
Allocation	12,455,067	10,501,791	11,133,996	15,986,391	5,484,600
Earned Amount	12,791,796	9,194,693	Unknown	Unknown	Unknown
Number of Awards	11,056	9,089	Unknown	Unknown	Unknown
N.D.S.L.					
Allocation	12,766,435	10,376,623	11,932,868	0	-10,376,623
Dollars Borrowed	20,002,111	19,223,881	19,223,881	31,156,749	11,932,868
Number of Awards	16,187	15,199	15,199	20,419	5,220
G.S.L.					
Allocation	90,911,403	61,286,563	Not Proj.	Not Proj.	Not Proj.
Number of Awards	30,968	21,038			
SSIC - Cal Grant					
Cal Grant A					
Allocation	41,569,000	45,301,000	45,301,000	39,638,375	-5,662,625
Number of Awards	12,567	12,498	12,498	10,910	-1,588
Cal Grant B					
Allocation	4,615,000	4,106,000	4,106,000	3,591,000	-515,000
Number of Awards	1,117	1,255	1,255	1,078	-177
Cal Grant C					
Allocation	88,276	62,403	62,403	57,100	-5,303
Number of Awards	41	16	16	10	-6

Source: California Postsecondary Education Commission

Mr. FORD. Scott Dacey?

STATEMENT OF SCOTT DACEY, PRESIDENT, UNITED COUNCIL OF THE UNIVERSITY OF WISCONSIN STUDENT GOVERNMENT

Mr. DACEY. Good morning. As you all will see, you do not have any prepared testimony. This is a season for final exams.

My name is Scott Dacey, and on behalf of the 145,000 students of the University of Wisconsin system, I would like to thank you for your interest that you have put forth in education.

The organization in which I am presently the president of, United Council of the University of Wisconsin Student Government, recognizes that you are a committee wholely responsible for a lot of the educational responsibilities of these United States.

We also realize that your continued support has been very good for us as students. We also realize in addition to those two things that some members of the House and the Senate are not as committed to education as you members are.

Unfortunately, they have not yet been able to see the wisdom that an education will provide to students.

The impact of President Reagan's budget on the students of Wisconsin is broad and severe. Although the recommendations would have shut out over 20,000 students from its banks in their effort to get guaranteed student loans and although the President's recommendations would have denied over 12,500 Wisconsin students from the popular Pell Grant Program, and President Reagan's budget would have reduced the accessibility of a college education over 1,500 minority Wisconsin students through the complete elimination of a talent incentive program, although these recommendations were not looked upon favorably by the Senate and I would certainly hope that they would not be looked upon favorably by your body as well.

I realize that the mere suggestion of any cuts within financial aid reductions makes an individual student think twice about going to school in the long run.

Many students resign themselves to the erroneous fact that aid is not available after simply cuts are simply proposed. Or even worse, many students assume that the cuts are coming around the corner and they feel that maybe they should not even sign up for a college education because they will never be able to finish it because the aid will not be available to them later on.

The students from Wisconsin have been described as some of the most, and best, educated students in the country and that education is achieved through a public university, a great public university system.

The residents of Wisconsin attend the schools of our State because of the traditionally generous availability of student loans and the fine relationship our State has had with the Federal Government in dispensing grants.

Wisconsinites, to be sure, attend schools primarily because of their cost effectiveness; and secondarily because they are good. However, this level of affordability to the Wisconsin residents was seriously questioned through the President's budget, and unless we see your support as a committee and as a whole body through the reauthorization, we may again have to question what sort of support we will have for education in the future for this country.

Through the reauthorization process that is about to begin, many alternatives in the present laws could be changed. I would like you to especially pay attention to a few areas because of the concern that students in Wisconsin have to them. One of them was of course mentioned by the chancellor earlier, but I will reiterate it.

In 1980 a Pell Grant would provide almost half of the college cost. Now, in 1985 this has dropped by almost 20 percent. This proves that grants do not provide the basic access that they were set up to do. Statistics show that students are taking out more loans and finally graduating with long debts. This area through reauthorization would eliminate many of my peers from any form of a postsecondary education and by all costs should be something that you would drive against.

On another point, it seems that the administration is putting different definitions on when a young person is responsible. They are considered responsible enough to defend their country at 18, responsible enough to drink at 21 in many States, and 18 and 19 in some others. But cannot be considered an independant student according to the current administration until the age of 22. Now this is an unfair and inconsistent policy to bar students from receiving additional aid. They may be able to enter school, but these policies lower the retention rate throughout this country.

In conclusion, although you members of Congress are very powerful individuals, your actions are not the only ones that will effect education as a whole. Each one of us that are sitting on the panel as well as the ones that were able to come here this weekend for our Summit has to deal with the State Legislature that will access our tuitions and define the way that we will go to school.

Both segments of society through the Legislative process have to be looked at in a respective manner. Each one works with one another and none of that sight can be lost. I would hope that none of you will forget that in your actions over this next period.

If you have got any questions, I would be happy to answer them.

[Prepared statement of Scott Dacey follows:]

Prepared Statement of Scott C. Dacey, President, United Council of the University of Wisconsin Student Governments, Inc.

Good Morning. My name is Scott Dacey and on behalf of 145,000 students of the state of Wisconsin, I would like to thank you for your interest in our education. The organization which I am president of, United Council of University of Wisconsin Student Governments, recognizes that you as a committee are committed to higher education and continued access of higher education to all. Unfortunately, it appears that many of your colleagues in the House and Senate are not as committed as yourselves and fail to see the need for an abundantly educated populous.

The impact of President Reagan's budget on the students of Wisconsin is broad and severe. Although the recommendations that would have shut out over 20,000 Wisconsin students from banks in their effort to obtain Guaranteed Student Loans; would have denied 12,500 Wisconsin students from the popular Pell Grant Program; and would have reduced the accessability of a college education to over 1,500 minority students in Wisconsin through the complete elimination of the Talent Incentive Program. Although, fortunately, these recommendations will no longer be realized, the mere suggestion of such reductions alter the decision students make in attending school at all. Many students resign themselves to the erroneous fact that aid is not available after cuts are proposed, or even worse many students assume cuts are coming around the corner and feel they may not finish school, so why should they start.

The students from Wisconsin have been described as some of the best educated students in the country, and that education is achieved through a public university. Residents of Wisconsin attend the schools of our state because of the traditionally generous availability of student loans and the fine relationship our state has had with the federal government in dispensing Grants. Wisconsinites attend our schools primarily because they are affordable and secondarily because they are of high quality. However, this level of affordability was seriously questioned through the President's budget and unless we see our support through Reauthorization we may again be questioning the affordability of our education.

Through the Reauthorization process that is about to begin many alterations could occur to present laws. I would like you to especially pay attention to a few areas of concern to the students in Wisconsin.

First, in 1980 a Pell Grant would provide almost half of college cost, now in 1985, this has dropped by almost 20%. This proves that grants do not provide the basic access that they were set up to do. Statistics show that students are taking out more loans and finally graduating with loan debts up to, and above $10,000. Reductions in this area through the Reauthorization would eliminate many of my peers from any form of post-secondary education.

On another point, it seems that the Administration is putting different definitions on when a young person is responsible. They are considered responsible enough to defend their country at 18, responsible enough to drink at 21, but cannot be considered an independent student until the age of 22. This is an unfair, inconsistant policy that bars students from receiving additional aid. They may be able to enter school, but these policies lower the retention rate in the long run.

In conclusion, although you as members of Congress are a powerful group, your actions are not the only ones that affect students. Each of us, as student representatives, must also struggle with our state legislatures—the individuals that truly have an impact on our tuition levels. I would hope that you always take the folks back home into consideration when you make any decisions regarding our education; we are this country's future.

Mr. Ford. Thank you. Ramona Romero?

STATEMENT OF RAMONA ROMERO, REPRESENTATIVE, INDEPENDENT STUDENT COUNCIL

Ms. Romero. I must first apologize for my voice, but I just got over my last exam and I am kind of recuperating.

Mr. Chairman and honorable members of the subcommittee, thank you for this opportunity to testify. My name is Ramona Romero and I am a senior at the Barnard College of Columbia University. I would like to give you some information about myself. I began my career at Barnard in the fall of 1981 despite threatening cuts in student financial aid; I believed and hoped that Barnard College was worth the financial sacrifice, then Federal aid, Federal financial aid covered more of the cost of attendance than it now does. Oh, God, I am losing my voice. My house was not misplaced.

I will now want to exchange my experiences at Barnard and in the moment, it is our highest community for any different college education. I am certain that these sentiments are shared by millions of other students at colleges and universities throughout our Nation. Most people are very proud of their alma maters.

And contrary to popular myth, most students are active in their college communities and are not apathetic. Many students do not march in protest as frequently as in the past, but this does not mean that we do not care. The recent antiapartheid protests at Columbia demonstrates that.

For 4 years I have served as a member of the Barnard Student Government Association. This past year, I served as president.

During this time, events and activities that are important to the student community were and will continue to be highlights of the academic year. Some reasons student activities are worthy of notice include a university white blood drive in which over 1,000 pints of blood were collected. Barnard and Columbia students showed their concern for the community by working in the local soup kitchen by helping senior citizens and by tutoring the local elementary schools, among other activities.

I mention these things because it is important to realize what is at stake when a financial and needy student is told in effect, "You do not belong at a private college." We do contribute a great deal to our community.

I have been able to study at Barnard because of Federal student financial aid. For 4 years, I have depended on Pell grants, national direct student loan, college work study, guaranteed student loans, New York State student incentive grant, TAP, the Tuition Assistance Program; and Barnard College-funded scholarship.

My parents came to this country from the Dominican Republic in 1973. I am the first member of my family to graduate from college and I will begin studying law at Harvard for this coming fall. As I have said, my college experiences are dear to me and I have tried to contribute to the community that I lived in for the past 4 years. As special as my life at Barnard has been for me, so have been the experiences of others. But if I was back in high school trying to choose a college, would I be able to choose Barnard again?

These proposals the Congress will vote on in the budget process take away the dreams of so many prospective freshmen and freshwomen. I have need of more than $8,000 to pay for my studies and the cost of attending an independant college do not get the kind of direct subsidies from the State government that would keep the lid on tuition and expenses. Next year's anticipated average independant college undergraduate budget is $11,600 and many colleges; and for many colleges it is much higher.

By the time the 1986 budget is implemented, it will be higher still. So, why would the Federal Government begin to pretend that the cost of education can be limited to $8,000 a year? It is simply not true. And where would the money to pay college bills come from? What if by 1986, 1987 the average cost of attendance at a private university is $15,000 a year? It is already that high at Barnard and at many other campuses.

While parents already pay an expected contribution, then as we all know whatever parents pay create, dollar for dollar, a cut in Federal aid. So now the parental contribution, Pell grant, work study earnings, national direct and guaranteed student loans all add up to $8,000. That leaves a student like me with highly limited options. Can I hope for a summer job to pay $7,000 for 10 weeks? That is like saying that I could find a job with an annual salary of $36,400 but only work for 10 years or 10 weeks a year. That is more than I could make with my degree and someone down in Washington expects a first year student to earn that kind of money? No. I do not think that anyone that supported this compromise budget thought anything of the kind. If the people who voted for this budget in the Senate thought anything they had to be thinking that needy students should not go to private colleges. I thought that this country had already determined that segregating colleges on the basis of income is bad policy. We do not want to close the doors of our universities to low income or middle income students, and that is what is really being proposed.

The only compromise I see in all of this is a compromise to the American value of the opportunity to learn, to excel and to contribute to society as an educated citizen. I hope you will not allow these cuts to, these proposed cuts to go through. Thank you very much.

[Prepared statement of Ramona Romero follows:]

PREPARED STATEMENT OF RAMONA ROMERO, SENIOR, BARNARD COLLEGE OF COLUMBIA UNIVERSITY

Mr. Chairman and Honorable members of the Sub-Committee, thank you for this opportunity to testify. My name is Ramona Romero and I'm a senior at the Barnard College of Columbia University. I'd like to give you some personal background information about myself. I began my four year career at Barnard in the fall of 1981. Despite threatening cuts in student financial aid, I believed and hoped that Barnard College was worth a bit of financial sacrifice. That was back when federal financial aid covered more of the costs of attendance than it now does.

My hopes were not misplaced. I would not want to exchange my own experiences at Barnard and in the morningside community for any different college education. I'm sure that these sentiments are shared—verbatim—by the millions of other students at colleges and universities in this country. Most people are very proud of their alma maters to be. And, contrary to popular myth, many students are active in their college community and are apathetic. Maybe students don't march and protest as was done in the past—but this doesn't mean that students don't care.

For four years I've served as a member of the Barnard Student Government Association. This past year I served as President. During this time, events and activities that are important to the student community were—and will continue to be—highlights of the academic year.

I mention these things because it's important to realize what is at stake when a financially needy student is told, in effect, "you don't belong at a private college." You see, I've been able to study at Barnard because of federal student financial aid. For four years I've depended on Pell Grants; National Direct Student Loans; College Work-Study; Guaranteed Student Loans; New York's State Student Incentive Grant—TAP, the tuition Assistance Program; and Barnard College funded scholarship. My parents came to this country from the Dominican Republic; I'm in the first generation of my family that went to college. As I've said, my own college experiences are dear to me—and I've tried to contribute to the community that I've lived in for the past four years. As special as my life at Barnard has been for me, so, too, the experiences of others has been just as special. But if I was back in high school and looking for a college to go to, could any of this happen again? These proposals that Congress will vote on in the budget process take away the dreams of so many prospective freshmen and freshwomen! I've needed more than $8,000 to pay for my studies—and the costs of attending an independent college don't get the kind of direct subsidies from state government that could keep the lid on tuition and expenses. Next year's anticipated average independent college undergraduate budget is $11,600. For many colleges it's much higher. And by the time the '86 budget is implemented it will be higher still.

So, why would the federal government begin to pretend that the costs of education can be limited to $8,000? It's just not true. And where would the money to pay college bills come from? What if, by 1986–87, the cost of attendance is $15,000? It's already that high at many campuses. Well, parents pay their expected contribution. Then, whatever parents pay creates—dollar for dollar—a cut in federal aid. So now the Parental Contribution, Pell Grant, Work-Study earnings, National Direct and Guaranteed Student Loans, all add up to $8,000. That leaves a student like me with pretty limited options: I can look for a summer job that pays $7,000 for ten weeks of work! That's like saying that I could find a job with an annual salary of $36,400—but only work for 10 weeks of the year! That's more than I could make with my degree, and someone down in Washington expects a first year student to earn that kind of money?

No. I don't think that anyone that supported this "compromise" budget thought anything of the kind. If the people who voted for this budget in the Senate thought anything, they had to be thinking: needy students shouldn't go to private college. That's a spooky notion isn't it? I'd thought that this country had already figured out that segregating colleges using personal income was bad policy. Do we want to close off the M.I.T.'s or the Georgetown Universities to low income or middle income families? That's what's really being proposed. And the only compromise I see in all this is a compromise to the American value of the opportunity to learn, to excel and to contribute to society as an educated citizen.

Thank you.

Mr. FORD. Thank you all for your presentations. I want to ask you all to react to the very important alarm that Mr. Dacey sounds and that is: our experience tells us that in 1981 when some renegade members of my party and every single member of the other party adopted something called the Gramm-Latta budget which was the President's 1981 budget. The word went out around the country that the Student Aid Programs had been cut. Indeed, that budget said that the $30,000 figure was a blind income cap like the one that was proposed this year.

When this committee went into conference with the Senate, we smoothed out some of the bumps and we turned the $30,000 income cap into a $30,000 requirement for a needs analysis, and while we hurt some people we did not knock people out of the program.

When the smoke cleared away, while there had been substantial damage, it was in no way as catastrophic as had been discussed. But colleges and universities reported to us that in the next enrollment period after that process went on there was a very substantial drop in the number of people applying for student aid and admission in relying for student aid. At Wayne University in Detroit which is very much like this university, it was a 22-percent drop and it therefore has made the university administrators, both public and private quite nervous about stirring up the students or their parents with concern for fear that as Mr. Dacey said, the perception becomes reality and they start making decisions. Now, is it an exaggeration for him to say that in fact people do not wait to see what really happens, but they are so thoroughly impressed by the publicity that has been given until this point that some of them are already making choices that would not be necessary if the Congress does not go along with the President? That may be in their own individual lives irreversible. Is that really happening?

Mr. DACEY. I had to take that from my own personal experience. Prior to becoming president of the united counsel, I was a student association vice president at my campus. My campus is a very urban institution that educates about 27,000 students. The University of Wisconsin at Milwaukee.

Now, in being the student association vice president there, I had a fantastic opportunity to employ many students, approximately 85. A certain number of those students would have to be work study people. We could not get enough work study personnel in the office. Now, it is not saying that you people should cut the amount of money because it is not being used at all, but at that particular time a couple of years ago after the budget and what you are mentioning did go into effect, the way that the timeliness of when people are supposed to apply for those work study programs and the way that the budget process came about, people just thought that there was not going to be anything around to take. And so, although it may have been wise for them to be able to hold out and see how the process finishes up sometime in August, when you are applying for these positions in a work study type of scenario as I mentioned, there simply is not that ooportunity to sit around and wait. Many students are very influenced over what happens.

Mr. **Ford**. Mr. Van Ginkel?

Mr. **Van Ginkel**. Just to follow up, I think in California where you have three distinctive systems and I think I learned this weekend in talking to other students that our fees are comparably low compared to most States, that I think with what you find with students when there is a lot of rhetoric and everything flying around about financial aid cuts, that they are going to, they may not choose to stay out of higher education completely, but they will base some choices on that, and the student that may look at the University of California and say that "Well, I would like to go to a UC campus" may choose to come to a State university campus because our fees are half of the University of California or may choose to go to a community college rather than go right into a 4-year institution, and those are also some of the choices that could be made because of all of the media attention about cuts.

Mr. **Ford**. Mr. Lowe?

Mr. **Lowe**. I just want to give you an example. I am an alumnus of Malverne High School and what I do is I usually go back and, to my high school to get students involved in higher education to tell them what colleges, what are their choices and stuff. I do this on my own time. Now, when I go back to the students, a lot of students will tell me that well, you know I guess, you know although I got, they have a good grade point average and everything, they will say "I guess I will stay off from school for about a year, 2 years and I will work and then so I can save up money", because they really do not think that the funds are available out there because of what they are getting in the newspaper, what they are reading in the newspaper and what they feel are the cuts and they do not, and some of them do not want to put that burden on their parents which might not have the money, so what they do is they stay off maybe a year and work, whereas in some cases they could have got a deal, some financial aid in DSL and different things like that.

Mr. **Josephson**. Well, another important consideration is the time of year that we are talking about. As you may notice, the time of year when a lot of students are deciding where they are going to attend college next year and in making that choice, they are obviously very concerned about whether or not they can finance their education.

We found it to be very true at Michigan that many students will apply from in-State and at this time of year they believe that the cuts are going to go through and foreseeing that whether or not this will actually happen will attend Wayne State or Michigan State rather than University of Michigan because of the elitist perception of the university which is generated by the high tuition. In having negotiations like this going on so late definitely hurts the higher priced State institutions and the private institutions a lot because we lose the diversity in the lower and middle income students.

Mr. **Ford**. Ramona?

Ms. Romero. There is little doubt that the availability of aid has affected minority enrollment at Barnard. During my class, the class of 1985, there were at least 25 Hispanic women. There were 25 percent minority students in that entering class. The class of 88 only 6 Hispanic women enrolled at Barnard and the class to whole was only 16 percent minority with the majority of them being Asian Americans. It is a real problem because among students simply feel that they cannot afford Barnard, it is almost $15,000 a year with room and board so it is a tough situation.

Mr. Ford. Thank you. I think I should warn the members of the committee that I have a little note here that says that Mr. Lowe is wired today with a beeper because he is in imminent peril of becoming a father for the second time at any moment, so they have got a beeper on him so that he will not miss the magic moments when they come and if you begin making funny noises and leave us, we will understand.

Mr. Lowe. Thank you very much.

Mr. Dacey. Mr. Chairman?

Mr. Ford. Yes?

Mr. Dacey. If at all possible, there is one other thing that none of us mentioned. There is a certain fee that is asked to be paid by a student if they are going to apply for a needs test in many instances and I believe it is somewhere around $15. Now, why is it that a student would want to kick in $15 for something that they do not really know that they are going to get anything back in return for?

Mr. Ford. Is that a campus?

Mr. Penny. If you apply for the campus programs and State programs, if you apply only for the Federal programs it is free. But most people apply for the combination.

Mr. Van Ginkel. I think the issue there though is that most of the States as in California, they do packaging so that you know, it does not matter that they are going to put together a package that includes the total.

Mr. Ford. The $15 is really the State requirement?

Mr. Van Ginkel. Right, right.

Mr. Ford. If you were applying then it would not make any sense to do that. If you were applying for only a federal program there would be no charge. But since no student aid officer is going to try to prepare a package for you without looking at all the options, you automatically have to file an application that meets the State requirements.

We have no way really to force the State to forego that. I do recall that there was discussion in the past about having a similar Federal cost and there was no understanding of what the appropriate amount would be. It costs less out of Michigan to do that than at a smaller school. Surprisingly enough, the economy of scale is very, very remarkable in guaranteed student loans processing, the Pell grant processing, all of the rest of it; because the computer just handles so much more in a given piece of time and time really becomes the factor that translates into expense to whoever is handling the program. But, there is not anything we can really do about that.

Mr. Van Ginkel. OK.

Mr. **Ford**. Any other members of the committee have questions of this panel?

Mr. **Biaggi**. Mr. Chairman?

Mr. **Ford**. Mr. Biaggi?

Mr. **Biaggi**. Notice was, I mean attention was focused on the Work Study Program and I think there was some implied criticism of it, and I am just curious about that because that is a program we thought was working and that was one that was promoted by all the elements of the educational community. I think Mr. Lowe said to increase funding for Work Study Program at the expense of other aid programs is short sighted and very limited. Do you suggest that we reduce the funding for work study, Mr. Lowe?

Mr. **Lowe**. No. But what I would like to do is just read you something that came out of the joint statement with all of the present leaders here. "Our position on college work study is that thorough funding for work study and wages paid to work study students and other student employees would depend upon the income for their share of the cost of education should be tied to tuition increases and inflation. Too often, statutory or regulatory ceilings on hours of employment per week make it impossible for the student to earn their expected contribution without seeking a second job or increasing their loan debt. All provisions regarding waivers to allow payment of subminimum wages to students by postsecondary institutions should be eliminated."

Mr. **Biaggi**. Well, you are not being directly responsive, Mr. Lowe. You offer the form of criticism and I am just interested to know and I am sure the members of the committee are interested in knowing whether or not that criticism is of sufficient validity to warrant a termination of the program or a reduction of the program? Now what would you suggest that we do?

Mr. **Lowe**. No.

Mr. **Biaggi**. Because we have case after case of individuals who have a whole financial package put together with work study included and they speak glowingly of it and then on the other side of it, I have heard two of the witnesses testify this morning and with implied criticism of the program and it kind of confused me really because I thought it was working operation?

Mr. **Lowe**. Well, we would not ask for a termination of the program, that is not what we were asking. But I am trying to understand your question exactly.

Mr. **Biaggi**. Well, that statement is critical of the Work Study Program.

Mr. **Ford**. Well gentlemen, I thought that what you said was that you would not want to take money from other programs and use it.

Mr. **Lowe**. Yeah, we do not want to compete against other programs. We would not want to.

Mr. **Ford**. I did not understand you to say you would cut this.

Mr. **Lowe**. No, I am not saying that we should cut it, but I am saying that we should not compete against other programs. We should not be put in that position to compete against other programs.

Mr. **Biaggi**. Well, the reality of it, I agree. I do not think they should be competing with other programs and I think there should be adequate funding in every program, but the reality of the matter is when you are talking about x number of dollars, certain dollars will be allocated to each program and we try to have a fair aportionment, but the principal of what you are suggesting more than just a competition, you are suggesting that because people or students are required to work, that they cannot study effectively. That is the principal here, that is the principal objective. Well, you say so.

Mr. **Lowe**. No, and let me go back to my statement to make sure.

Mr. **Biaggi**. Well no, no, no. Before you go back to your statement, let me read the original statement. I do not want to be combative, I just want to be cleared up on this issue.

Mr. **Lowe**. Yes, of course.

Mr. **Biaggi** [reading]:

> Many economically disadvantaged students in our system need as much time as possible to develop their studies and increasing Work Study and decreasing other aid programs would be short sighted.

Mr. **Lowe**. Yeah, OK so that is the point. The point I am trying to make is that for one thing if we are competing, we would rather have financial aid period rather than to put more money into work study, we would rather for you to put more money into giving us financial aid, whereas we did not have to work and what the bottom line of what we are saying is that if you put all the major focus on into giving us money for work study and for work and just working, it takes time, it takes time from our studies and stuff, so whereas the College Work Study Program is an excellent program and, you know, I support it, all I am saying is that it should not be the only program and it should not, it should not be the only source of financial aid that we get.

Mr. **Biaggi**. Well, clearly it is not.

Mr. **Lowe**. Yeah.

Mr. **Biaggi**. Because clearly it is in there, our legislation that we have had shows you the whole, there is a plentiful, there is a package operation.

Mr. **Lowe**. Yeah, but.

Mr. **Biaggi**. But the work study was supported by all of those intentions.

Mr. **Lowe**. But if more money, but if the administration is saying that more money should be put into work study in College Work Study Program and it is saying more or less that we should be—we are going to be—more students are going to more or less use college. If they are using college work study, I am trying to form for us right now. If they are trying use college work study as a priority and cut other financial aid programs, that is bothersome to us because we feel that the administration is wrong.

Mr. **Biaggi**. I agree. I agree on that score, but.

Mr. **Lowe**. Where do we disagree?

Mr. **Biaggi**. Well you are saying, to begin with there has been a great constituency for work study. Always been a great constituency.

Mr. **Lowe**. We support work study.

Mr. **Biaggi**. OK, that is number one.

Mr. **Lowe**. We do support work study.

Mr. Biaggi. But you also argue the point that if the student is required to work, he cannot study effectively. I mean, that I think is a very critical point. I mean if that theory is sustained, then work study should be reviewed.

Mr. Lowe. OK, sir. I think I am clear on this. What I am trying to say is that we support work study and the point is, is that college work study, I guess to be redundant, which we support should not be a oriority in giving us financial aid.

Mr. Biaggi. No, you are getting off the point. Ramona, would you like to deal with the point?

Ms. Romero. I just would like to say that most students I know are work study students and I mean there have to be certain limits, it is not as we are not expected to work 20 or 30 hours a week, it is fine to have work study and I think most of us support it. Most students that do work between 8 and 12 hours a week.

Mr. Biaggi. That is pretty much the period in which they work, right?

Mr. Dacey. Congressman, can we tackle this from another point of view?

Mr. Biaggi. Sure.

Mr. Dacey. Look at the minimum wage that students are being paid. The minimum wage that students are being paid, we have not had an increase in minimum wage in years now and there has been a certain amount of asking by the administration that the people in the middle teams that go to work be paid at a much lesser rate. Now, that minimum wage has not increased over the past few years, although our education has and many of the jobs that college students get are paid at a minimum wage level. They are looked upon, you know, as just that sort of thing. College students are very transient, there is not a lot of resources there that are being used in a lot of the jobs in which we fulfill, unfortunately. But yet, we are expected to pay a higher cost for our education. Now, how are we supposed to do that if we're getting paid the same amount of money for the last 4 or 5 years, unless we take on more hours of work?

Mr. Biaggi. What are you saying? You are now telling, you are going a little inconsistent. We heard the average about 8 or 10 hours a week. Are you suggesting that people should be working 20 hours a week or in fact are working 20 hours a week?

Mr. Dacey. I would submit that people 4 or 5 years ago were still working eight or ten hours a week.

Mr. Biaggi. Well what are they working now, to your knowledge?

Mr. Dacey. Well you just mentioned eight or ten hours a week.

Mr. Biaggi. Well I just said what Ramona just mentioned it and the heads seems to have nodded in agreement.

Mr. Dacey. OK.

Mr. Van Ginkel. Congressman, if I could try? I think one of the key issues here is that the students may be working 8 or 10 hours a week, but because of the cost of education has risen so dramatically, they are forced to take a second job. They are out bartending or being a waiter or a waitress or something like that, over and beyond their work study programs. And I think the issue for us here is what we would like to see you address in reauthorization, not during the budget act in reducing the dollars of a wonderful program, I mean we appreciate it. I understand you are a part of the formula and we certainly appreciate that program. But what we would like to see in reauthorization to go after the, you have to take a look at the indebtedness, increase the indebtedness. There has been a current shift away from grants into loans and work, and those are two forms of it, that really concerns us because financial aid does not start with giving them money to this; stop with giving them money to the student and getting them in school. We have to be concerned about retention and many of us know what the retention problems of many of our ethnic minority groups, many of those students are the work study students and retention is a real problem for them, many of them or many of our students are not able to deal with the riggors of a college education when they first get in to the program. And working outside of the classroom and working hours beyond their work study hours is another reason that we are unable to retain these students.

Mr. BIAGGI. I understand what you are saying and that is why we are trying to retain all of these programs that we have in place. And it is unfortunate that the cost of an education has gone so high and if we were to go with the administration's proposal, it would be a disaster and that is, well you know our position.

Mr. VAN GINKEL. Thank you, Mr. Chairman.

Mr. FORD. Mr. Owens?

Mr. OWENS. I would like for you to quickly tell me the tuition you pay; I want to see the difference for each one. Start with Mr. Van Ginkel?

Mr. VAN GINKEL. Well, let me preface by saying our tuition, we do not have tuition in California.

Mr. OWENS. No tuition in California?

Mr. VAN GINKEL. We pay fees, we pay fees; no tuition.

Mr. OWENS. Well.

Mr. VAN GINKEL. We do not pay for faculty's salaries.

Mr. OWENS. Well, it is equivalent, what are the fees?

Mr. VAN GINKEL. It has gone up 400 percent in the past 4 years and at my institution it is now $660 a year.

Mr. OWENS. $660? Mr. Dacey?

Mr. DACEY. Our tuition will be increasing 22½ percent for this next biennium and we are presently paying about $1,200 a year.

Mr. OWENS. Mr. Lowe?

Mr. LOWE. $1,275.

Mr. OWENS. $1,275?

Mr. LOWE. Yes.

Ms. ROMERO. Ours is, well, this past year was $9,960.

Mr. OWENS. We did not mean to take you. I am looking at the fact that most of you are from State institutions and I want to make a point.

Mr. JOSEPHSON. Yes, OK. For instate students at Michigan, it is $2,600 for the year and we are looking at about a 20-percent increase coming up; and for out-of-State it runs about $7,000 per year for an out-of-State student.

Mr. OWENS. Well you can say it varies with California, certainly being much lower.

Mr. VAN GINKEL. Certainly.

Mr. OWENS. Much lower than the others, but it represents a State effort. It is not that your education costs less, it is that your State is putting much more into it and I congratulate all of you on your marvelous organization. I appreciate that you have assembled here this weekend, and you have offered to be partners with those of us in Congress fighting the administration's proposal. I hope you are aware of the fact that the same administration is making other proposals in the area of tax reform which will have a great effect on all States' services. Since higher education is one of the major services that States do cover, you had better pay some attention to these proposed cuts. One proposal is that State and local taxes would no longer be deductible by individuals within the States, which means that most States will move to try to reduce their tax burden on individuals. Cutting taxes would mean cutting services and among those services, of course, would be higher education. I understand that your interests are very much involved there also. Mr. Lowe, you told me is that 22 age for independent students. Does that have a great impact on New York? Are most of the independent students over 22?

Mr. LOWE. No.

Mr. OWENS. Is that a problem?

Mr. LOWE. That is a big problem. You have an independent, you have a student at 18 that might have a family; you have a student at 19 that is raising——

Mr. OWENS. Near the mike?

Mr. LOWE. You have a student at night that is a mother that is 19 who is raising kids, so it is a problem.

Mr. OWENS. Do you have any numbers on the independent students within certain age brackets? A large number of students in New York City do go to college are in college after 22, so a large number would not be affected because they can take their independent status and use it. Do you have any figures on how many?

Mr. LOWE. I can get you figures.

Mr. OWENS. I would appreciate that.

Mr. LOWE. I do not have them on me now, but I can get you figures.

Mr. OWENS. Thank you. No further questions.

Mr. BIAGGI. Mr. Solarz?

Mr. SOLARZ. Thank you very much, Mr. Biaggi. Let me just say, this has really been a very moving experience for me and I want to compliment all of the witnesses who have testified so far on their presentation. I have one or two questions.

As you may know, about 31 percent of the postsecondary school enrollments in the country are part-time students and under existing law, none of those students who are studying on a part-time basis are eligible for Pell grants, guaranteed student loans, or DSL or other loan programs. I would like to know how each of you feel about the proposal that has been advanced to make part-time students eligible for participation in these programs? Assuming that we are not simultaneously in a position to increase the overall level of funding for the program, which means that if we were to make part-time students eligible for Pell grants and guaranteed student loans and the like, it would necessarily result in a reduction in resources available to full-time students who are already in the program.

Do you think that permitting part-time students to benefit from these programs under those circumstances makes sense, or not?

Mr. **Lowe**. I think it makes sense but I think we need to add more money, we need more money. I could not say to you if we are competing which is very hard.

Mr. **Solarz**. Well, obviously if we could add more money, I doubt that anybody would argue at least in this room against making part-time students eligible, but I am asking you a tougher question. If it turns out that those of us who would like to increase the overall level of funding for the program are unsuccessful in our efforts to do so because of the budget crisis, the need to reduce the deficit and the like; under those circumstances, would you or would you not favor making part-time students eligible? What would be the reasons for your opinion?

Mr. **Van Ginkel**. Congressman Solarz? This is a particular interest to us in California. My institution, our system of 19 campuses, it is primarily all commuter students. The campus I am on has 2,600 resident spaces on a campus of 35,000, so we are unlike most of the other nations and I think it would be very important. Well over, on my campus, well over 80 percent of the students work, most of them full-time jobs. Half of our student population comes to school at night, so they have no way to receive any aid at this point. We would certainly encourage that from California's standpoint. I think that one of the other key things——

Mr. **Solarz**. What about the argument that the very fact that they are in school, although on a part-time basis, indicates these students have the capacity to go part time without the benefit of Federal assistance?

Mr. **Van Ginkel**. Certainly a needs analysis would be appropriate. I mean, those that you would have to demonstrate need and we would certainly be all for demonstrating that need. But there are students now that have demonstrated need an unmet need that we need to adjust that problem. I think the other issue is that we feel in California there is a disincentive that the Federal Government has placed on our institutions because most of our students commute and many of the programs do not encourage students to stay home and live with their families. And in that reauthorization, that needs to be adjusted, we have relatively low cost institutions in terms of our fees and we need to provide an incentive for some students to stay at home. A student in California is better off going away from home, living in a dorm someplace and it is costing taxpayers money. There is no incentive for them to stay at home.

Mr. **Solarz**. Mr. Dacey?

Mr. **Dacey**. I guess I have to address this in two parts. First of all, if you give those what are now part time students the availability of student loans, chances are they may very well kick themselves up to full-time students because they would then have the availability to pay for the students or the education in which they want in the first place, but unfortunately sometimes there are other constraints that are upon their lives that make it so that they have to work or that they would not be able to attend full time. This may very well give them the availability of a full time education.

Mr. **Solarz**. No, if they are prepared to go on a full time-basis and they can meet the needs test, they would be eligible for the loans now. I am talking simply about making those who are either now going part time or who would continue on a part-time basis.

Mr. **Dacey**. I see, OK. Excuse me.

Mr. **Solarz**. Now, under those circumstances, what would be your view?

Mr. **Dacey**. We are not going to increase the budget in as many problems as it appears that we have got right now for even the students that are trying to use the system. I guess I would have to be on the opposite side of the fence with my friends here in saying that I do not think that we could support something like that.

Mr. **Solarz**. Well, why should we continue to give a preference to full-time students over part-time students, particularly if many are part-time students only because they cannot afford to attend full-time?

Mr. **Dacey**. I guess I am not asking for anybody to put a preference on it, I am just realizing the legislative process and that unfortunately Congress has not been able to put enough money into it.

Mr. **Solarz**. But that is exactly what you are doing. Giving the limited resources available, your Congress has given a preference to full-time students. I, frankly have an open mind on this issue which was raised by Chancellor Murphy in his testimony, and obviously it would result in fewer resources being available for full-time students, so there are profound questions of equity involved here, as well as, what is in the national interest. But I thought it would be useful to get your view. I gather your feeling is that if greater resources are not available, we should maintain the preference for full-time students?

Mr. **Dacey**. On behalf of myself, I would have to say so.

Mr. **Solarz**. Why?

Mr. **Dacey**. Simply as I had mentioned earlier; if we are having the problems that we are having in trying to find enough funds to educate the people that presently want an education at a full-time status, then we have got a problem there and if we wish to expand it we are going to hurt the system that we have presently got.

Mr. **Solarz**. OK. Ms. Romero?

Ms. **Romero**. I am not sufficiently familiar with the issue to address it, so I will not.

Mr. **Solarz**. Mr. Josephson?

Mr. **Josephson**. Yes, I would have to agree with Scott. First of all because Michigan is not a commuter school. Second, full-time tuition is much more expensive than the part time tuition, at least in our school in Michigan. We find that, I would believe that if we took away the funding for full-time students or if they lost funding because more funding went to part-time students, we would find that there would be a significant drop in the number of people who could come to Michigan because of the high cost of education at a full-time level.

Perhaps doing what you are suggesting would wind up making schools like Michigan more of a commuter college where people would work during the day and come in at night and take their classes at night. But for now, I would prefer to have the preference given to the full-time students because of their higher costs of education.

Mr. SOLARZ. Mr. Lowe?

Mr. LOWE. As I said before, I think that if I have to go from one side to the other, I will make a decision or take a stand on it, I would say that I think we need to open the doors for those part-time students, especially in urban areas where the high cost of living is so high and what they have, and because of what they have to say, they will not be able to go to college because of living expenses. So I would say open the door for those part time students and fight for more resources so everybody can enjoy higher education.

Mr. SOLARZ. Thank you very much.

Mr. BIAGGI. Before you go, I want to thank you for the comments on that last question because I have been involved with nontraditional students for a considerable period of time and I think they are entitled to some measure of assistance. It is unfortunate that we are in the midyear where getting additional funds obviously is a problem, but we have found in education as we have with many other social programs, you have good years and bad years and this is not clearly a good period, but this too will pass. I think accepting the principal is important. Once having adopted that principal I am willing to wager that the future will hold greater promise for both components of the entire situation because I expect to introduce legislation that will deal with that, and hopefully be enacted. We understand the problems, we thank you for your contribution and for your yeoman work out in the field. Thank you.

The following will be on panel 2.

[Pause.]

Mark MIDDLETON. Mark Middleton of Arkansas; Spencer DeWitt, Ms. Spencer DeWitt, president of the State Legislative Interest Group; Jenny Mathews, student of Monroe Business Institute; and John Allen, campus director of Associated Students of Kansas; Todd Baker, president of Ohio State Student Association.

And while I leave, Mr. Solarz will assume the chair.

[Pause.]

Mr. SOLARZ. All right. Let me assure each of the witnesses that your prepared testimony will be included in the record as you submit it, and if you would like to summarize your testimony, please feel free to do so. We will begin with Mark Middleton from Arkansas. Mr. Middleton, please proceed.

STATEMEMT OF MARK MIDDLETON, PRESIDENT, ASSOCIATED STUDENT GOVERNMENT AT THE UNIVERSITY OF ARKANSAS

Mr. MIDDLETON. Mr. Chairman, members of the committee, I appreciate the opportunity to appear before you today to discuss the impact that the administration's proposed budget would have on students attending the University of Arkansas.

My name is Mark Middleton, I am the president of the Associated Student Government at the University of Arkansas.

In the interest of time, I will limit my presentation to three major concerns that we have with the budget proposed by the President. The $25,000 income ceiling for eligibility in the Pell Grant, Supplemental Education Opportunity Grant, National Direct Student Loan and College Work Study Programs, the $32,500 ceiling for eligibility in the Guaranteed Student Loan Program and the $4,000 per year maximum that any student may receive under any of the Federal programs.

The effects of these proposals are as follows at the University of Arkansas:

Based upon these income ceilings, out of the 13,000 students currently enrolled at the University of Arkansas, there would be 411 fewer students eligible for the Pell Grant Program, 302 fewer students eligible for the Supplemental Educational Opportunity Grant Program, 323 fewer students eligible for the National Direct Student Loan Program, and 248 fewer students eligible for the College Work Study Program.

Also, there would be an astounding 1,300 fewer students eligible under the guaranteed student loan program. Roughly 10 percent of our student population would be affected by the reduction of the Guaranteed Student Loan Program, an additional 9.5 percent affected by the reduction in other Federal programs.

The $4,000 ceiling would have a devastating effect on many older and returning students which represent about 12 percent of our student population. Please note that this information is based upon 1983 income figures and if the President's budget is approved, obviously the financial aid eligibility would be determined using income determined in 1985 which in many cases could be 10 to 15 percent greater than that of 1983, thus increasing these figures by a significant amount.

As you know, the significant increases in the Federal student aid funds in the past 3 years have gone up while costs have continued to climb; have gone down while costs have continued to climb which, in effect reduces the purchasing power of the limited financial aid that is available. Any reductions at this time could only serve to make the situation worse.

The director of financial aid at the University of Arkansas has informed me that over 75 percent of our student body currently receives aid from one of more, from one or more of the five student aid programs. The director also indicated that he speaks daily with parents whose incomes are above the ceilings as described in the President's budget proposal. Many of these families have two or more students in college and they simply cannot afford the cost of receiving a postsecondary education even at a low-cost institution such as ours.

In closing, we as the students of the University of Arkansas plead with you to oppose any budget reductions that would affect the student populations relying upon Federal financial aid. As you know, the future of this great Nation and the State of Arkansas is dependent upon an educated citizenry and we appreciate your support in this very critical matter.

[Prepared statement of Mark Middleton follows:]

Prepared Statement of Mark E. Middleton, President, Associated Student Government at the University of Arkansas

Mr. Chairman, members of the Committee, I appreciate the opportunity to appear before you today to discuss the impact that the Administration's proposed budget would have on students attending the University of Arkansas. I will limit my presentation to three major concerns that we have with the budget as proposed:

1. The $25,000 income ceiling for eligibility in the Pell Grant, Supple-Educational Opportunity Grant, National Direct Student Loan and College Work-Study programs.
2. The $32,500 ceiling for eligibility in the Guaranteed Student Loan program.
3. The $4,000 per year maximum that any student may receive under any of the federal programs.

Based upon these income ceilings, out of the 13,000 students currently enrolled at the University of Arkansas, there would be 411 fewer students eligible for the Pell Grant program, 302 fewer students eligible for the Supplemental Educational Opportunity Grant program, 323 fewer students eligible for the National Direct Student Loan progam and 248 fewer students eligible for the College Work-Study program. Also, there would be an astounding 1,300 fewer stduents eligible under the Guaranteed Student Loan program. Roughly 10% of the student population would be affected by the reduction of the Guaranteed Student Loan program, and an additional 9.5% affected by the reduction in the other federal programs. The $4,000 ceiling would have a devastating effect on many of our older and returning students which represent about 12% of our total student population. Please note, that this information is based upon 1983 income figures. If the President's budget is approved, obviously, financial aid eligibility would be determined using income earned in 1985, which in many cases, could be 10 to 15 percent greater than that of 1983 thus increasing these figures by a significant amount.

As you probably know, there have been no significant increases in federal student aid funds in the past three years while costs have continued to climb which in effect reduces the purchasing power of the limited financial aid that is available. Any reductions at this time could only serve to make the situtation worse.

The Director of Financial Aid at the University of Arkansas has informed me that over 75% of our student body currently receives aid from one or more of the five student aid programs (Pell Grant, Supplemental Educational Opportunity Grant, National Direct Student Loan, College Work-Study and Guaranteed Student Loan). The Director also indicated that he speaks daily with parents whose incomes are above the ceilings as described in the President's budget proposal. Many of these families have two or more students in college, and they simply cannot afford the costs which may exceed $10,000 per year even at a low cost institution such as ours.

In closing, we as students at the University of Arkansas, plead with you to oppose any budget reductions that would affect the student population relying upon federal financial aid. As you know, the future of this great nation and the State of Arkansas are dependent upon an educated citizenry. We would appreciate any support that you can give us in this very critical matter.

Mr. **Solarz**. Thank you very much. We will now hear from Ms. Spencer DeWitt, president of the Student Government Association, University of Tennessee at Knoxville.

STATEMENT OF SPENCER DeWITT, PRESIDENT, STATE LEGISLATIVE INTEREST GROUP

Ms. **DeWitt**. Thank you. It is a pleasure to be here today. I am excited about the opportunity to be able to address that which is of grave importance to all students around the country.

The philosophy which success suggests financial aid to be a sound investment in the future of our Nation has been resoundingly substantiated by the dramatic increase and access of higher education among our country's lower- and middle-income groups. Whereas 20 years ago, postsecondary education was an entity obtainable only by the affluent in our society. Today, a college education is a realistic goal for all segments of our society.

At the University of Tennessee, I will just give you a brief background, is an institution which has 27,500 students. Our financial aid department has been ranked No. 1 in the country by the Federal Program review as far as the consistency of the service rendered there for students receiving financial aid.

Some points that I would like to address are, to begin with, I think there are some needed improvements that need to be implemented in the Financial Aid Program. Of those, I will touch on three.

In the Pell Grant Program, it is helpful that as you can see most of our financial aid is done in a packaging type system, you know, a student could have a number of the various programs to help fund their education. The $25,000 cap would be detrimental to students at our university. I would deny over 500 University of Tennessee students who currently receive some form of financial aid of not receiving any whatsoever. This reduction in the Pell Grant would by itself create an immediate burden on the other Financial Aid Programs currently available and further distance hundreds of students from the benefits only a college education can provide.

Another point to bear in mind when reviewing the various aid programs available is the investment potential each program has to offer. While the Pell Grant is not paid back in dollar amounts as far as the student after they graduate, the rate of return on that investment is reflected in the tax dollars generated by individuals who received their college education as a direct result of the Pell Grant award.

Also, a group of students who would be adversely affected by some of the proposed cuts are the older than average student. At the University of Tennessee, we have its continuing trend for this number to increase on our campus. This group is predominantly consisting of female heads of households who are married as well as young divorcees who have custody of their children. These students tend to stay in school year round and the costs that they incur at the University of Tennessee is about $10,000. The budget that is given by our financial aid department is rather austere and it basically only provides for the bare necessities of the individual. These students also have to incur the expense of Child Care Programs outside in the general market area as well as additional hardships of the, as far as a divorcee and the child, when child support is awarded, a lack of stringent enforcement standards tends to keep these people from receiving the kind of money they need from their former spouse. So we feel that the administration's $8,000 limitation will discriminate these students in both the private and public institutions.

Many financial aid professionals believe that a new system for determining independent status is necessary in order to protect the system from abuse while continuing to provide financial aid assistance for those who truly qualify.

The National Association of Student Financial Aid Administrators has devised a new criteria for determining those eligible for independent status. We suggest that closer scrutiny of applications from students under 22 be enforced while not having an arbitrary age ceiling.

Let us see, as far as the National Direct Student Loan Programs and the Guaranteed Student Loan Programs, we feel that they should not be, it was suggested that there be one lending program rather than the two separate entities. We feel that a suggestion for the NDL would be upon default to turn over to a collection agency and the other records to a credit bureau be initiated. At present, the system exempts NDSL funds into escrow, an act which further limits funding availability to other students. Since an educational institution must award NDSL funds to students who lack credit history, tighter collection control will minimize loss while maximizing the program's integrity. An original idea intended to benefit the Nation's young through experience of a college education.

Also, in the Guaranteed Student Loan, Reagan's proposed ceiling on adjusted gross income of $32,500 will impose a great hardship on families who genuinely need access to these loans. My family would be a prime example. My father has his own business and with the adjusted gross income it looks like we have a lot more money than we actually have and I will have a brother in college this next year and it will be a great hardship on my family to have both of us in school and living on campus away from home, so we have an additional expense of room and board and transportation and various other things. So putting this arbitrary ceiling of $32,500 with no consideration to the number of students in college at the same time, we feel that that would be a grave misfortune to the community.

Students at the University of Tennessee that would no longer be eligible for this type of loan would be about 500 students. We suggest that the uniform methodology test be implemented for all financial aid applicants, rather than having the various tests that are now in use, having one test would cut down on the bureaucracy in the system and make it easier for financial aid administrators to render service.

In closing, I would just like to cite a study that was done after the GI bill of 1947 was initiated. They concluded that the differential between college educated members of society and noncollege educated members of society as far as the tax collection was a 3- to-1 margin, and this is a return on investment at 300 percent. Such a return on investment would be the envy of any corporation in America. It is unfortunate however that an argument in education has to regress to dollars and cents. Such an investment is in people and their minds, a benefit which dollars alone cannot measure.

The price of financial aid is far exceeded by the cost of an elitist society which would result from the cuts in financial aid proposed by the administration. We must not destroy the vehicle through which previously disadvantaged members of our society have become thriving embodiments of the American dream.

Thank you very much.

[Prepared statement of Spencer DeWitt follows:]

PREPARED STATEMENT OF SPENCER DEWITT, PRESIDENT, STUDENT GOVERNMENT ASSOCIATION, UNIVERSITY OF TENNESSEE, KNOXVILLE

The Federal financial aid program has opened a whole new world of educational opportunity to a segment of our society which otherwise would have no hope for improving its quality of life through hard work and enlightenment. The philosophy which suggests financial aid to be a sound investment in the future of our nation has been resoundingly substantiated by the dramatic increase in access to higher education among our country's lower and middle-income groups. Whereas, twenty years ago, post-secondary education was an entity obtainable only by the affluent in our society, today a college education is a realistic goal for all segments of our population.

At the University of Tennessee (UT), financial aid is the backbone of our effort to provide a quality college education to students from all walks of life. Because of its importance, a great deal of time and energy has gone into making our system as efficient and productive as possible. We believe we have been successful.

According to the Federal Program Review conducted by the Inspector General, which ranks university financial aid departments on their overall performance, UT has consistently received a score of one, the highest ranking possible. In comparison with the national default rate on repayment of loans of 15-20 percent, UT has maintained an extraordinarily low default rate of only eight percent. These accomplishments came about because of the effort of UT's financial aid department to make financial assistance as available, yet efficient, as possible.

The philosophy behind financial aid at UT is that austerity must be maintained in order to assure the most productive delegation of available funds. Rising education costs, coupled with limited government assistance, demands frugality. To do otherwise would reduce the number of students who benefit from this investment in our future.

This year the Higher Education Act of 1965 is up for reauthorization. This occasion provides us the opportunity to judge the present system based on its ability to channel limited governmental aid to those students who need it most. At a time when rapidly increasing federal deficits mandate careful scrutiny of government spending, we must examine the financial aid system and make structural adjustments which improve its efficiency without denying worthy recipients the right to live the American dream through the enlightenment of education.

The present structure for determining financial need and allocating funds at The University of Tennessee is adequate. Improvements, however, should be instituted, improvements that will insure efficiency across the board. Among the needed improvements is the implementation of a rigorous process designed to better evaluate the financial aid applicant. We must realize from the outset, that such a program must be initiated and fulfilled by the federal government.

The Pell Grant program, as it functions presently, is helpful to the less fortunate financial aid applicant and provides a solid foundation on which financial aid packages can be built. But the Reagan Administration's proposal to make the award available to those families whose income is $25,000 or less, regardless of the circumstances involved, would flatly deny the Pell Grant opportunity to more than 500 UT students who currently receive some form of financial aid at the university. This reduction in access to the Pell Grant would, by itself, create an immediate burden on other financial aid programs currently available and further distance hundreds of students from the benefits only a college education can provide. Another point to bear in mind when reviewing the various aid programs available is the "investment" potential each program has to offer. While Pell Grants are not repaid in their exact dollar amount, the "rate of return" on their "investment" is reflected in the tax dollars generated by individuals who received their college education as a direct result of the Pell Grant award.

At The University of Tennessee, a trend is evolving as enrollment among "older than average" students continues to rise because students are returning to university life in search of a college degree. This group predominately consists of female heads of households who are married, as well as young divorcees who have custody of their children. These students stay in school year round resulting in an overall cost to the student of more than $10,800 per year. Furthermore, this budget is austere and only provides for the bare necessities of these individual students.

The proposed $8,000 cost-of-attendance limitation to determine eligibility for aid for all students enrolled would have a deterimental effect on nontraditional students at UT. In addition to educational expenses, female heads of households must pay for subsequent child-care programs as well. While the courts are generally consistent in awarding child support, the lack of stringent enforcement standards often heaps additional hardships onto the shoulders of these non-traditional students. The Reagan Administration's $8,000 limitation therefore, will discriminate against the students in both private and public institutions.

Another proposal by the administration will impose a ceiling on the age at which a student may file for independent status. Under current provisions of the law, a family need only show a student has not lived at home for one year, was not a dependent on the previous year's income tax return, and received no more than $750.00 in financial support the previous year. Of these three criteria, only one is documented, this being the process of verifying the family's tax return for the student's dependent status.

Many financial aid professionals believe a new system for determining independent status is necessary in order to protect the system from abuse, while continuing to provide financial aid assistance for those who truly qualify. The National Association of Student Financial Aid Administrators has devised new criteria for determining those eligibility for independent status. Closer scrutiny of applications from students under age 22, they suggest, is more responsible than merely selecting an arbitrary age ceiling.

Students are currently able to obtain loans through the Guaranteed Student Loan and National Direct Student Loan programs. Several differences exist between these two loans; the most striking being the process used in collecting the loans once a student has graduated. Both programs provide an essential means which allow students to finance their education. But President Reagan has proposed a single loan program be devised. It is our view, however, that maintaining two student loan programs is imperative.

The National Direct Student Loan (NDSL) program has, from the beginning, been an important program of last resort for students unable to acquire a loan from any private lender. But this program has been a victim of abuse as graduates have sought to undermine the integrity of the financial aid system by filing bankruptcy upon graduation. Though the percentage of these students has decreased in recent years, an effort to decrease the burden on the tax payers and other eligible students must be made as well. The suggestion that NDSL recipients, upon default, be turned over to a collection agency and their records turned over to local credit bureaus is a responsible and valid one. The present system exempts NDSL recipients from this form of action forcing available NDSL funds into escrow, an act which further limits funding availability to other students. Since an educational institution must award NDSL funds to students who lack credit history, tighter collection control will minimize loss while maximizing the program's integrity—an original idea intended to benefit the nation's young through the experience of a college education.

The Guaranteed Student Loan (GSL) program serves those students who do not qualify for the various grants, but whose families still demonstrate a need in financial assistance. Reagan's proposed ceiling on adjusted gross income of $32,500 will impose a great hardship on many families who genuinely need access to these loans. The number of students that presently receive GSL at The University of Tennessee who would no longer be eligible for this type of loan is 497. To establish need, we suggest implementing the Uniform Methodology test for all financial aid applicants thereby eliminating the needs test currently used. Not only would this establish a consistent measure of need for all applicants, it would also reduce the level of bureaucracy currently existing in the financial aid system.

Another crippling effect of the proposed ceiling is that it refuses to give any consideration to families with more than one child in college. By using the current scales for measuring expected contribution of various incomes, many families are unable to provide a wide range of educational opportunties for their children. In this way, the government fosters an elitist social environment where only the affluent can afford to send their children to the most prestigious institution.

As you can see, by correcting the structural deficiencies within the present financial system, we can retain the level of educational opportunity provided to our society while maintaining the level of frugality dictated by large federal deficits.

The argument for financial aid is both sound and proven. As a study of the beneficiaries of the GI Bill of 1947 has indicated, the tax collection differential between college-educated members of society and non-college-educated workers is 3-1. That is a return on investment of 300 percent. Such a return on investment would be the envy of any corporation in America. It is unfortunate, however, that an argument for education has to regress to dollars and cents. Such an investment is in people and their minds, a benefit which dollars alone cannot measure.

The price of financial aid is far exceeded by the cost of the elitist society which would result from the cuts in financial aid proposed by the administration. We must not destroy the vehicle through which previously disadvantaged members of our society have become thriving embodiments of the American dream.

Mr. SOLARZ. Thank you very much. We will now hear from Jenny Mathews, a student with the Monroe Business Institute. Ms. Mathews?

STATEMENT OF JENNY MATHEWS, STUDENT, MONROE BUSINESS INSTITUTE

Ms. MATHEWS. All right. Congressman Biaggi and the subcommittee, my name is Jenny Mathews and I am representing Monroe Business Institute, a 2-year business college located in the Bronx.

I am honored to have the privilege of expressing my feelings on a subject that I believe is extremely vital. That subject being whether one should be given the opportunity of attending a college, private or business school without having first earned a high school diploma under the Ability to Benefit Program.

I thank you for allowing me to express my feelings on this issue and I hope I will play a part in influencing a positive decision in which will allow those who express a need and desire for an education to receive one and not be denied because they fall into a certain category.

I would like to explain the reasons which influenced my decision to leave high school. Being raised in the poor environment played a major role in my decision. In a poor environment, the emphasis is placed on working to obtain money to buy things that one cannot afford. My mother, being financially dependant on welfare and not being able to obtain the luxuries of life, appreciated and welcomed any aid given to her by her children. Not that schooling was regarded as unimportant, but bring a part of the environment and surroundings in which you live, places working in a higher prospective than schooling. Having an influential peer group where the majority are high school dropouts will also help influence such a decision. As I attended high school, I saw students who were not there to learn but to intimidate other students and provoke fights to gain approval from their peer group. I always have regretted my decision to leave high school but a factor that also influenced this decision was seeing the attitudes of those attending high school. When one was a newcomer, being intimidated can be a scary situation. I was one who could not cope with the circumstances surrounding high school for the values, I noticed, were not placed in viewing high school as a place of learning, but a place to have fun. Failing to see the importance of completing high school by those around me as well, I decided to help my mother and work and help my family and myself. I live to regret that decision of leaving high school. I remember my younger sister telling me some years later that she was going to attend college. I was proud at her but angered at myself for not partaking such a wise decision. I was working at miscellaneous jobs as my means of holding up and supporting myself and at the age of 20 I become a mother as many girls in the same predicaments eventually do and obviously became financially dependent on public assistance. This was not a healthy situation for me. My daughter brought me lots of joy but I decided much more for her and myself out of life. I was feeling so demoralized and full of self pity that feeling of failure and having no hopes to better myself in life, I was aware that the decision I had made was a vital mistake. I believed that there was no way of turning the hands of time back though that is what I wanted to do. And so I lived the same way of life for the next 6 years depending solely on public assistance. This was not a pretty situation but my situation.

When my daughter became of school age, I knew it was time to work again and so I arranged an appointment with the WIN Program for day care purposes and supplemental checks that were aid that of a low income.

While my being interviewed, I asked whether any training was available to help those who needed job skills; she responded "No" but if I was interested in bettering myself, why not think of attending school as a possibility? This suggestion had never crossed my mind and she gave me an address of business school that I could look into and the session ended on the note of I coming back to relate the outcome.

I went to the school she had suggested but it was being closed down. A student attending the school told me that she was going to transfer to Monroe Business Institute and that perhaps I should go there. She said that Monroe Business Institute was an excellent college, a 2-year college.

When I walked into Monroe, I was literally scared and hesitant. I thought I was fooling myself and playing a charade. I thought that my chances of being accepted in college with such little education and no high school diploma were nil. To my surprise, I felt very welcome at Monroe. The counselor told me he saw no reason for my not being accepted providing I passed both an admissions and a placement examination and gave me an overall view and insight into the workings of the school and what was expected of me.

Within a short period, the paperwork had been done and classes were commencing. I was shaking the hands of the counselor welcoming me as a new student in Monroe Business Institute. I had not really grasped the reality of actually starting classes. I could not believe it was all happening. I was feeling like a person, I held my head high and I vowed to myself that I would be there to learn. I will value this chance given to me and I will prove myself worthy of it. Here I was given the opportunity to learn and reestablish myself. The feeling I was experiencing could not be expressed but I was thankful.

My experience in Monroe was extremely gratifying. I was taught skills that I, never in my right mind, I would have believed to have been able to accomplish. Monroe made a new person out of me. Monroe and the education I obtained there gave me insights into life. I was shaking off the negative attitude I had inflicted upon myself, the negative attitude that said I could never better myself. Nothing is impossible if you seek to accomplish it.

My most gratifying experience was when my sister attending Albany State University asked me to help her on a subject which she was having difficulty in. Imagine, I could help her.

My view of life now is that of a new person, in spirit and in mind. I am prepared to face the business world, I feel confident in doing a good job. Public assistance will not be my crutch. I know my goal in life now. I am grateful for the opportunity extended to me and thankful for my being able to attend a college which was not taken away from me for not having a high school diploma. It takes a lot to return to high school and if one is denied the opportunity to learn skills that are beneficial to one's bettering oneself because one is lacking a high school diploma, this will discourage many who wish to learn and succeed.

Any individual wanting to learn should never be denied or discouraged. Ignorance and being unaware is the prime reason for many high school dropouts. A mind and desire to learn and is denied that opportunity is a mind wasted.

Education is the backbone to America so how can anyone be denied the opportunity to learn under any circumstances? Lacking a high school diploma should not be the main factor in evaluating a person.

If just one mind is enriched through education and that mind should put itself to use and by this means accomplish something and better society. I was extended a second chance and I prospered. Why not everyone? Thank you.

Mr. SOLARZ. Thank you for an extraordinarily moving statement, Ms. Mathews. I certainly wish you well in all of your future endeavors. We will now hear from John Allen, the campus director of the associated students of Kansas. Mr. Allen?

STATEMENT OF JOHN ALLEN, CAMPUS DIRECTOR, ASSOCIATED STUDENTS OF KANSAS

Mr. ALLEN. Thank you, Mr. Solarz. My name is John Lewis Allen and I do represent the associated students of Kansas. As such, I am here this morning as the voice of the American breadbasket.

Before I discuss specific programs and the impacts of certain reductions in Federal funding upon those programs, I would like to discuss with you for just a moment a couple of philosophical points.

Investment and education, particularly higher education, has always been viewed as essential, not only toward economic development but also to all the more humanistic goals of an advanced society.

Indeed when we discuss this issue we are confronted primarily with the question of national priorities. As deep as the need for an educated citizenry and as old as republic itself.

Now, this is not to argue that the Federal Government has any responsibility or in fact any business attempting to provide with an all expenses paid college degree. Students in higher education do not desire this. Indeed, we would fear the day it became a reality for it is our generation, my generation, that will inherit the cruelly inescapable consequences of Federal deficit spending.

We do believe, however, that the proper role of Government is to eliminate or mitigate economic barriers to higher education for deserving students. A role filled very well, I might add, by the current array of Federal programs.

Now, I mention this to illustrate that we appreciate the nature of your fiscal dilemma. We are convinced, however, that simple meat cleaving without any regard to the need for the program or the impact of the cut is as dangerous as it is misguided. Therefore, let me explain the role Federal aid plays in my State and region and the impact specific measures would have.

To synopsize the findings of our analysis, we estimate that in 1984-85 academic year, 47,951 awards were issued in the State of Kansas. A ratio of just 1.6 students to every one award issued. Under the President's budget, we are able to conservatively, and I emphasize conservative, estimate that almost 7,000 students would have, if not all, at least a significant portion of their aid package cancelled. By academic 1986-87, all aid packages would be in some measure reduced. Let me now turn to those specific programs.

It goes without saying that given the depression of the farm economy, parents in the Midwest are particularly hard pressed to finance the cost of a modern college education. These same families are dealt a double blow when student aid reports overvalue farm assets without an equally critical eye to farm liabilities. Thus for a quasi entitlement such as the Pell grant, it is extremely difficult for many of our constituent families to qualify and these awards are of a particular significance when received. In Kansas, over 14,000 Pell awards were made in 1984-85, and we estimate that well over 1,000 of them would be lost under an AGI cap of $25,000.

Under the general heading of Campus Based Programs, we estimate that the administration's proposals to limit eligibility to students with family incomes of below $25,000 would eliminate 2,000 students. And I might, gentlemen, comment in this context on the administration's self help concept. In my experience, students would like nothing better than to contribute more to the cost of their own education through their own earnings. Unfortunately, as several witnesses have attested, most student employees in either on or off campus positions are locked into deadend minimum wage occupations. Minimum wage has not increased since 1980, but I can assure you the cost of education in almost every State in this country certainly has. And parenthetically, it is ironic that the administration at the same time they would like students to engage in more self help, would also talk about reducing the minimum wage for that same group of affected individuals. Given this situation, the concept of self help becomes nothing more than a moot point.

Turning my attention to federally guaranteed loans, the $32,500 cap on family income would eliminate over 4,000 students from loan eligibility in Kansas. We do not yet have figures on what the compromise figure of $60,000 would do.

However, I would point out that generally I would reject the premise of any income cap since such a cap ignores the real issue of needy at any level. Indeed, for example family size is not taken into consideration.

Finally, let me address the systemwide proposal, the $4,000 megacap limiting federal aid for student careers as recommended by the administration, are 8,000 that came out of the Senate compromise. We estimate that over 4,000 students would have their aid package reduced at the $4,000 limit. Again, we do not have figures as to what the $8,000 figure would do.

Again however, we come up against a question of program philosophy. The issue of need is not being considered. In addition, one could argue that a de facto limit on the amount of aid one may receive in any given year already exists in the form of the aggregate limits of the various programs.

During my preparation of this testimony, I searched for an appropriate way to conclude that would stress what to me seems a self evident a very strong link between the quality of education that society offers and the quality of that society itself. And perhaps it is appropriate, given the season of the year, that I finally settled upon an analogy drawn from our national pastime, that of baseball; great nations and great societies, ladies and gentlemen, meet their destiny the way a good infielder plays a ground ball, they do not wait for it, they rush to meet it, always anticipating its tricks and turns. And the way our society equips itself to do that is through education and particularly higher education. Now I recognize the very significant role this committee has played in equipping us to do just that.

I would simply remind you that there is no better or wiser investment in our future as a people than higher education and I urge this committee and this Congress to support that investment. Thank you.

[Prepared statement of John Allen follows:]

PREPARED STATEMENT OF JOHN LEWIS ALLEN, JR., CAMPUS DIRECTOR, ASSOCIATED STUDENTS OF KANSAS

Chairman Ford, members of the committeee, my colleagues, ladies and gentlemen, My name is John Lewis Allen, Jr., and I am a Campus Director for the Associated Students of Kansas, a state student association representing the over 80,000 students in public institutions of post-secondary education in my state. Before I disucuss specific programs and the impact of certain reductions in federal funding upon those programs, allow me to touch on a few philosophical points.

Investment in education, particularly higher education, has always been viewed as essential, not only to our economic development, but also to all of the more humanistic goals of an advanced society. Indeed, when we discuss this issue, we are confronted primarily with a question of national priorities, as deep as the need for an educated citizenry and as old as the republic itself.

This is not to argue that the federal government has any responsibility, or any business, attempting to provide everyone with an all-expenses-paid college degree. Students in higher education do not desire this; indeed, we would fear the day it became reality, since it is our generation, my generation, that will inherit the cruelly inescapable consequences of federal deficit spending. We do believe, however, that the proper role of government is to remove or mitigate economic barriers to higher education for deserving students, a role filled very well, I might add, by the current array of federal financial aid programs. I mention this to illustratre that we appreciate the nature of your fiscal dilemma.

We are convinced, however, that simple meatcleaving without any regard to the need for the program or the impact of the cut is as dangerous as it is misguided. Therefore, let me examine the role federal aid plays in my state and region had the impact specific measures would have.

To synopsize the findings of our analysis, we estimate that in 1984-85, 47,951 awards were issued, a ratio of just 1.6 students to every 1 award. Under the President's budget, we are able to conservatively estimate that all 7000 students would have, if not all, at least a major portion of their aid cancelled. By academic 1986-87, all aid packages would be reduced. Let us now take a look at the specific programs involved.

It goes without saying that given the depression of the farm economy, parents in the midwest are particularly hard-pressed to finance the cost of a modern college education. These same parents are dealt a double blow when Student Aid Reports over-value farm assets without an equally critical eye towards farm liabilities. Thus for a program such as the Pell Grant, it is extremely difficult for many of our constituent families to qualify, and these awards are of particular significance when received. In Kansas, 14,685 Pell awards were made in 1984-85, and we estimate that 1,038 of them would be lost under the A.G.I. cap of $25,000.

Under the general heading of campus-based programs, we estimate that the administration's proposal to limit eligibility to students with family incomes below $25,000 would eliminate 2000 students. I might in this context comment briefly on the administration's "self-help" concept. Most students in my experience would like nothing better than to contribute more to the cost of their education through their ownearnings. In most cases, however, it is extremely difficult to find a job, and in the case of on-campus employment, once they are placed, they are locked into minimum wage, which has not increased since 1980, and which, parenthetically the administration wants to reduce, while college costs continue to rise. Given this situation, "self-help" becomes almost a moot point.

Turning my attention to federally-guaranteed loans, the $32,500 cap on family income would eliminate over 4000 students from loan elimibility; we do not yet have figures on what the "compromise" figure of $60,000 would do. Generally, however, we reject the premise of any income cap, since the cap ignores the real issue of need at any level. Family size, for example, is not taken into consideration.

Finally, to address the system-wide proposal of a $4000 limit in federal aid per student per year, as recommended by the administration, or $8000 that came out of the Senate Budget Committee, we estimate that over 4000 students would have their aid package reduced at a $4000 limit; figures are not available as to what a $8000 cap would do. However, we again come up against a question of program philosophy. In addition, one could argue that a *de facto* limit on the amount of aid one may receive in any given year already exists in the form of the aggregate limits of the various programs.

During my preparation of this testimony, I searched for an appropriate way to conclude that would stress the very direct link between the quality of education a society offers and the quality of that society itself. I settled upon an analogy drawn from our national pastime. Great nations, ladies and gentlemen, meet destiny the way a good infielder plays a ground ball; they don't wait for it, they rush to meet it, always anticipating its tricks and turns. Our society equips itself to meet destiny in this way through education, and particularly higher education. There is no better or wiser investment in our future as a people, and I urge this committee to support that investment.

Thank you, and I will be happy to respond to any questions.

ask

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IMPACT OF PRESIDENT REAGAN'S PROPOSALS
FOR
STUDENT FINANCIAL AID

Prepared by:
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March 8, 1985

Representing the Students of:
Emporia State • Fort Hays State • Kansas State • Pittsburg State • University of Kansas • Washburn University • Wichita State

INTRODUCTION

This report reviews the proposals by the Reagan Administration for student financial aid expenditures for Fiscal Year 1986. Because of the federal government's "forward funding" of student aid programs, most of these recommendations would take effect for the 1986-87 school year.

The President's proposals would have a significant impact on the number of students served by these programs, on the amount of aid they receive, and in the case of loans, which make up the greatest portion of student aid spending, on the interest rates charged.

There would be two overriding changes in the philosophy which has governed student aid programs for at least the past decade or so. First, by placing absolute income caps on student aid eligibility, these programs would be far less sensitive to the cost a student incurs in choosing a particular college or university, or to the number of students a family is supporting. This means that middle- and upper-class families would no longer be able to receive special aid if they selected more expensive institutions. On the other hand, the absolute aid cap of $4,000 on any student's federal aid, would mean that even the lowest income students would not receive assistance in closing the cap between this amount, the costs of private institutions, which may be thousands more.

The second change is to set interest rates on student loans at levels that would vary with the cost of money. This would save the government during periods of high interest, but would also add an additional marketplace aspect to student accessibility to college. In the past, students entering college when interest rates are high paid the same rates as students entering during other cycles.

The details of the administration proposals are spelled out in the text of this report. Wherever an assessment of a proposal's impact on Kansas students is available, it is included.

Data on the number of students affected by each proposal was collected by questionaire from the financial aid officers of the state universities and Washburn University of Topeka. Information on the impact these proposals would have on student loans was supplied by the Higher Education Loan Program of Kansas.

Following the impact analysis is a chart showing estimated benefits under federal programs for the current year.

PROGRAM-SPECIFIC IMPACT ANALYSIS

OVER-ALL AID LIMITATIONS:

The President's proposals would impose several over-all limitations on financial aid eligibility. They are:

1.) An absolute limit of $4,000 in federal aid, including all grants, loans, and work programs; regardless of the cost of the institution or the student's total need.

Kansas impact: (number of current students who would lose aid)

K.U.	*1,656*	*10.0% of full-time students*
K.S.U.	*791*	*5.6%*
W.S.U.	*518*	*4.3%*
E.S.U.	*271*	*7.6%*
P.S.U.	*17*	*0.4%*
F.H.S.U.	*428*	*11.6%*
W.U.	*c.875*	*NA*
TOTAL	*4,556*	

2.) All students would be required to contribute at least $800 toward their college expenses to be eligible for federal aid.

Kansas impact:

Although systemwide information is not yet available, data from two schools suggests that this contribution would be about $100 greater than what is currently required of freshman and sophomores, and the same amount less that what is now required for juniors and seniors.

3.) In order to qualify as an independent student for purposes of determining aid, a student would have to be 22 years old and demonstrate financial self-sufficiency. (The only exceptions for those under 22 are orphans and wards of the court.)

Kansas impact:

Financial aid officers have not yet been able to determine the impact of this policy change on the number of students qualifying for independent status.

The major problem with this proposal is that certainly some students under 22 are independent, but would be locked into an expected family contribution that just is not available. It is an arbitrary rule that penalizes the needy in attempting to stop abuses.

PROGRAMMATIC RECOMMENDATIONS

The President's proposals would change the funding, eligibility or benefits in each of the federal student aid programs: the Pell Grants, a partial entitlement program that makes grants to students based on eligibility guidelines but subject to appropriations; the Campus-based Programs (Supplimental Educational Opportunity Grants, College Work Study, and National Direct Student Loans) which are appropriated to the institution and then awarded to students; and government-backed loans made by independent lending institutions (Guaranteed Student Loans and PLUS Loans, which differ mainly in the amount of interest subsidy).

The President would also cut the budget for TRIO Programs for disadvantaged students by over 50%, and eliminate federal programs for graduate students.

I. PELL GRANTS

A. Reduce total program funding by $644 million, which would cut 18% out of the FY85 budget of $3.575 billion (available for the 1986-87 school year). These savings would be achieved by the income cap and family contribution changes described below.

Kansas impact:

A proportional 18% reduction in funding for Kansas would cut at least $3 million from needy students attending the public universities alone. The total current year Pell funding for these schools is $16,262,655, and should increase next year. The Reagan cuts would occur the following year.

B. Limit availability of Pell Grants to students with family incomes (adjusted gross income) of less than $25,000.

Kansas impact: (Number of Pell recipients with higher A.G.I.)

K.U.	*259*	*P.S.U.*	*93*
K.S.U.	*324*	*F.H.S.U.*	*NA*
W.S.U.	*150*	*W.U.*	*110*
E.S.U.	*102*	*TOTAL*	*1,038*

C. Increase the assessment rates on parental "discretionary" income, which determines the expected family contribution and the size of the award. The rates would rise from 11% to 18%, 13% to 20%, 18% to 25% for income increments of $5,000 to $15,000, and from 25% to 30% for incomes above $15,000.

Kansas impact: (Reductions in awards at various institutions)

Under these proposals, students at every income level would receive a cut in the size of their award. Examples below.

	Community College ($2,750)			*Public University ($3,550)*			*Private College ($7,800)*		
Family Income	*1985-86 Award*	*1986-87 Prop.*	*Diff.*	*1985-86 Award*	*1986-87 Prop.*	*Diff.*	*1985-86 Award*	*1986-87 Prop.*	*Diff.*
$12,000	*$1,650*	*$1,450*	*$200*	*$1,950*	*$1,450*	*$500*	*$1,950*	*$1,450*	*$500*
15,000	*1,650*	*950*	*700*	*1,650*	*950*	*700*	*1,650*	*950*	*700*
20,000	*1,150*	*125*	*1,025*	*1,150*	*125*	*1,025*	*1,150*	*125*	*1,025*
25,000	*550*	*0*	*550*	*550*	*0*	*550*	*550*	*0*	*550*

D. Set the maximum Pell FY85 award at $2,000 and cover only 50% of the cost of attendance.

Kansas impact:

For the current year, maximum awards are below this ceiling, so it would not result in a cut. However, the other changes described above would reduce maximum individual awards.

II. CAMPUS-BASED PROGRAMS

A. Limit availability of campus-based programs (Supplimental grants, college work-study and National Direct loans) to students with family incomes of under $25,000.

Kansas impact: (Number of recipients with higher A.G.I.)

K.U.	*259*	*P.S.U.*	*688*
K.S.U.	*NA*	*F.H.S.U.*	*NA*
W.S.U.	*c.400*	*W.U.*	*NA*
E.S.U.	*542*	*TOTAL*	*1,889**

**Some students may receive benefits under several programs.*

B. Supplimental Educational Opportunity Grants (SEOGs)

1. The President's proposals would eliminate a separate appropriation to the institution for SEOGs; instead the current level of funding would be combined with the college work-study appropriation. The institution could use up to 50% of the combined funds for supplimental grants.
2. The adminstration assumes no more than $130 million of the current $412.5 million SEOG budget would be used for grants, resulting in a reduction in student participation from 720,000 to 236,000.

Kansas impact:

The impact on Kansas students, who received $1.5 million in supplimental grants this year, would be determined by the institution's allotment of the combined funds.

C. College Work Study (CWS)

The President proposes to increase total CWS funding from $595.5 million to $850 million. This increase represents combing funding currently allocated to the SEOG program.

Kansas impact:

The impact would be determined by the institution's use of the combined programs. Every increase in work-study spending would have to be matched by a corresponding decrease in grant spending. On the other hand, if the institution used up to 50% of the combined total on grants, it would cause a decrease in work-study spending.

D. National Direct Student Loans

1. The President's proposal calls for no new federal contribution to each campus' revolving fund. The institution could continue to make student loans from its fund.

Kansas impact:

Most public university financial aid officers said this proposal would have very little impact, at least initially. Most loans are already made from the revolving fund.

2. The President proposes to raise the interest rate to student borrowers from 5% to the 91-day Treasury bill rate for the first quarter of 1986. (At current rates, 8-10%.)

Kansas impact:

The new interest rate would as much as double the interest rate a student must repay with the loan.

III. Federally-guaranteed Student Loans

A. Limit availability of the current Guaranteed Student Loan Program to students with family incomes of less than $32,500, regardless of the number of students in school. (Students excluded under these guidelines could borrow PLUS loans, explained below.)

Kansas impact: (Number of recipients with incomes over $32,500)

K.U.	1,402	7.6% *of full time students*
K.S.U.	1,398	9.9%
W.S.U.	225	3.0%
E.S.U.	152	4.2%
P.S.U.	73	1.9%
F.H.S.U.	195	5.3%
W.U.	253	NA
TOTAL	3,698	

B. Guaranteed Student Loans

1. Require all students to qualify under a needs test to receive a GSL. Currently this is only required of students with family incomes of over $30,000.

   Kansas impact:

   This requirement would increase the paperwork of the already over-burdened financial aid offices, and would reduce the flexibility students with lower incomes have in using GSLs when the "expected" family contribution is not actually forth-coming.

2. Increase the interest rate a student borrower must pay on a GSL from 8% to the 91-day Treasury Bill rate (about 10% for most of the past year.)

   Kansas impact: (increased payments and total interest)

Amount Borrowed	*Repayment Period*	*Current Monthly Payment*	*Proposed Monthly Payment*	*Total Interest Increase*
$2,500	*5 yrs*	*$50.73*	*$53.12*	*$145.20*
$10,000	*10 yrs*	*$123.33*	*$132.16*	*$1,299.60*

   (Note: assumes 10% T-Bill rate)

3. Reduce the "special allowance" paid to private lenders, which is the difference between what the student borrower pays and what the bank receives for profit. Currently, the government pays the difference between the 8% paid by the student, and 3.5% over the 91-day T-Bill rate. The President's proposal would raise the student rate to the T-Bill rate, and decrease the government's payment to 3% over T-Bill.

   Kansas impact:

   According to officials at the Higher Education Loan Program of Kansas, and the Higher Education Assistance Foundation, the state guarantee agency that works with private lenders, the profit margin to lenders on GSLs is already very low. One reason is that handling GSLs, which are relatively small loans, is very labor- and paper-intensive. Even a 0.5% reduction in return could mean most private lenders will drop out of the program.

   This would reverse the long-term goal of the program, which has been to encourage private lenders to participate. If private lenders will not make loans to students, non-profit agencies like H.E.L.P. would have to pick up the slack. But these agencies depend on tax-exempt bonds to raise funds for lending, and the Reagan administration has also attempted to reduce the use of tax-exempt bonds.

4. Require lenders to make multiple disbursements of the loan over a year, instead of a single lum-sum payout. (This is to reduce the outstanding principle on which the government must pay interest.)

   Kansas impact:

   This proposal would further increase the paper-work involved in handling GLS, reduce their attractiveness to lending institutions, and coupled with a decrease in the special allowance, reduce the availability of the loans.

C. PLUS Loans

1. Students excluded from the GSL program because of income eligibility could borrow under the PLUS program. Although PLUS stands for "Parent Loans to Undergraduate Students," they are currently also available to graduate students and independent undergraduate students. Under the President's proposals, all students and/or their spouses would be eligible. The major difference between GSLs and PLUS loans is that PLUS loans carry a higher interest rate and less in-school subsidy.

   Kansas impact:

   Borrowing under the PLUS program in Kansas is very low compared to GSL borrowing: $2.2 million vs. over $80 million. Under the President's proposals, borrowing is likely to rise, due to the nearly 3,700 students who would be excluded from GSLs.

   However, the government requires lenders making PLUS loans to run a credit check on borrowers, and empowers them to deny loans based on the credit risk. There is no "lender of last resort" from PLUS borrowers, as H.E.L.P. functions for GSL borrowers. As a result, outside factors may result in students being denied loans for their college expenses.

2. Students borrowing under the PLUS program would have to begin paying interest on the loan immediately; it would not be deferred until the student left school. The interest rate would be set by the lender, up to a cap of T-bill plus 3%. Most rates would probably rise to this limit.

   Kansas impact: [comparing current GSL terms with proposed PLUS loan terms for families over $32,500.]

Amount Borrowed	*Repayment Period*	*In-school Monthly Payment*	*Current Monthly Payment**	*Proposed Monthly Payment**	*Total Interest Increase*
$2,500	*5 yrs*	*$27.08*	*$50.73*	*$56.86*	*$371.40*
$10,000	*10 yrs*	*$108.32*	*$121.33*	*$149.32*	*$3,358.80*

**Monthly payment after leaving school.*

IV. Other Programmatic Recommendations

A. The President recommends no funding for the State Student Incentive Grant program. To receive SSIG funds, a state must match the federal appropriation dollar-for-dollar, and be used for need-based grant programs.

Kansas impact:

Kansas primarily uses its SSIG appropriation to fund the State Scholarship Program, which makes $500 awards to students scoring highly on the ACT test and demonstrating financial need. The state's "match" is provided by the Tuition Grant Program, which makes awards to students attending private colleges.

If the program was eliminated without being replaced by state funds (unlikely in the current climate), over 2,000 students at Kansas colleges and universities would lose $500 grants each year. In addition, at least 75 private college students could lose their Tuition grants because $100,000 from the SSIG program is used for these grants.

B. The President recommends reducing funding for the TRIO programs for disadvantaged students by 53%

Kansas impact:

According to sources at E.S.U., 4,000 Kansas students benefit from TRIO programs. Among specific universities responding, E.S.U. reports it would have to phase out its Upward Bound and Special Projects Programs serving 120 students. W.S.U. would have to eliminate the Talent Search Program, which serves 1,500 students. Additional funding would be needed to continue their Upward Bound and Project Success programs.

C. The President recommends elimination of all new funds for the following programs: the Graduate and Professional Opportunities Program, Public Service Fellowships, National Graduate Fellowships, and the Law Clinic Experience Program.

Kansas impact:

These programs are not generally administered through the financial aid office, and date is still be sought on the extent to which these programs operate in Kansas.

ESTIMATED STUDENT AID AWARDS AND BENEFITS, CURRENT YEAR

PELL GRANTS:

K.U.	2,900	$3,600,000	P.S.U.	1,375	$1,532,209
K.S.U.	2,600	4,622,254	F.H.S.U.	1,507	1,779,401
W.S.U.	2,625	2,500,000	W.U.	1,478	1,308,331
E.S.U.	1,150	1,284,458	TOTAL	14,685	16,626,653

SUPPLIMENTAL EDUCATIONAL OPPORTUNITY GRANTS:

K.U.	759	458,500	P.S.U.	372	119,027
K.S.U.	614	324,626	F.H.S.U.	302	98,100
W.S.U.	425	277,861	W.U.	127	68,553
E.S.U	402	154,920	TOTAL	3,001	1,501,587

COLLEGE WORK STUDY:

K.U.	650	498,568	P.S.U.	426	325,731
K.S.U.	762	677,630	F.H.S.U.	368	401,782
W.S.U.	300	345,761	W.U.	212	170,116
E.S.U.	480	381,125	TOTAL	3,198	2,800,712

NATIONAL DIRECT STUDENT LOANS:

K.U.	1,300	1,650,000	P.S.U.	675	600,000
K.S.U.	1,878	1,531,341	F.H.S.U.	450	450,000
W.S.U.	1,100	750,000	W.U.	138	104,775
E.S.U.	620	649,000	TOTAL	6,161	5,735,116

GUARANTEED STUDENT LOANS:

K.U.	5,500	14,388,000	P.S.U.	1,520	3,192,000
K.S.U.	6,530	16,000,000	F.H.S.U.	1,500	3,500,000
W.S.U.	2,550	5,610,000	W.U.	2,036	5,623,432
E.S.U.	1,270	2,887,648	TOTAL	20,906	51,201,080

(Source: survey of student aid offices, public universities.)

Student Advisory Committee Kansas Board of Regents

(insert 12-499)

MARCH 24, 1985

TO: SENATOR ROBERT DOLE, MAJORITY LEADER, UNITED STATES SENATE
FROM: STUDENT ADVISORY COMMITTEE, KANSAS BOARD OF REGENTS
IN RE: COST-SAVING ALTERNATIVES TO PRESIDENT REAGAN'S BUDGET
FOR STUDENT FINANCIAL ASSISTANCE

Pursuant to a conversation with Chris Bolton of your office the Student Advisory Committee has prepared these recommendations as to alternative methods to acheive the same ends as President Reagan has proposed for student financial assistance. We believe these proposals will acheive significant cost savings for the federal government while hopefully minimizing the impact upon the student. We appreciate this opportunity to share with you our thoughts on this most important subject.

SECTION 1. SYSTEM-WIDE RECOMMENDATIONS.

A.) NEEDS TEST FOR ALL FINANCIAL AID RECIPIENTS.

Under current law, only students with family incomes over a certain level are required to pass a needs test. The committee believes that in the interest of both cost savings and fairness all students should be required to take such a test. In addition, we would suggest that this test be made uniform; that is, applicable to all programs, instead of the multiplicity of duplicative tests that currently exist. We would also point out that parental assets should not be included in this test, since in the case of farm families particularly, they tend not to be an acurate reflection of real income.

B.) CREDIT SYSTEM FOR ADMINISTERING FINANCIAL AID.

In order to reduce federal loan program costs, a multiple disbursement system should be established nation-wide whereby loan checks would be broken up by semester instead of being issued in one lump sum in the fall. Universities should be encouraged to move towards "credit" systems where loan monies would be directly credited towards tuition and other costs, and checks would only be issued in the event that the amount of aid would exceed those costs.

C.) FREEZE IN PROGRAM EXPENDITURES.

We would endorse expanding the freeze concept to include student aid. However, we note two exceptions. Since the Guaranteed Student Loan program is an entitlement, a freeze plus inflation would be more realistic in terms of actual program size. We also support additional funding for the Pell Grant program so that individual Pell awards will not have to be reduced as a result of the Department of Education's

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error in underestimating actual program size for FY 83 and FY 84.

SECTION 2. PROGRAMMATIC RECOMMENDATIONS.

A.) GUARANTEED STUDENT LOANS.

We support increasing the interest rate paid by the recipient to the market rate at five years after graduation (we would still allow the recipient ten years to repay the loan, but only five at the subsidized rate). This would both save the federal government money and will also encourage more rapid repayment of the loan. We would also note that at that five-year point the special allowance paid by the government to lenders would no longer be necessary, although the loan would still carry the federal guarantee. We would also support a program of graduated increases in the interest rate during those first five years of repayment, with the goal of more rapid repayment and reduced cost to the government being the same.

B.) PELL GRANTS.

We would be in favor of incremental increases in the assessment rates for parental discretionary income, although certainly nothing of the magnitude of the Reagan plan.

C.) NATIONAL DIRECT STUDENT LOANS.

Instead of the Reagan proposal for permanently ending new federal contributions to campus NDSL pools, we would support increasing the interest rate on these loans to the rate paid on GSL's and using that income as new contributions for a period of two to three years, at which time the state of the program could be examined and if new contributions were warranted they could be made at that time.

D.) REPAYMENT OF STATE AGENCY FUNDS.

The Department should accelerate repayment of state agency reserves which were originally intended as start-up costs. An example of a "state agency" would be Kansas' Higher Education Assistance Foundation, which is a common model used by many states.

MARCH 8, 1985

MEMORANDUM
TO: FEDERAL POLICY MAKERS
FROM: STUDENT ADVISORY COMMITTEE, KANSAS BOARD OF REGENTS
IN RE: PRESIDENT REAGAN'S FY'86 BUDGET FOR STUDENT ASSISTANCE

In analyzing President Reagan's proposals for student aid in his FY 1986, we felt it would be helpful to establish a set of priorities. What follows is an enumeration of these programmatic changes we feel to be the most dangerous, listed in the order in which we would assign concern to them.

OVERVIEW: Before we begin the specific enumeration, we note that in certain cases the President has requested changes for the 1985-86 academic term instead of the standard forward-funded approach. This is the case with the reduction in the size of Pell Gant awards and the alteration in the interest rate for Guaranteed Student Loans. We urge Congress to reject this approach since it both circumvents normal channels and does not allow adequate time to assess the impact of the proposed changes.

PRIORITY ENUMERATION:

1.) CAP ON GUARANTEED STUDENT LOAN RECIPIENTS FROM FAMILIES WITH OVER $32,500 IN ADJUSTED GROSS INCOME.

This would eliminate over 30% of the current participants in the G.S.L. program from eligibility. Although we are aware of the President's desire to eliminate "abusers" from the G.S.L. system, we submit that since any recipient from a family with an agi of over $32,500 already must pass a "needs" test, this approach is all but certain to fail in eliminating the real abusers. Instead, it will take away support from those students with large families, or in the case of many Kansas students, individuals from farm families with large incomes but even larger debt loads. To those families, and to those students denied aid, the idea that this cut will eliminate "abuse" is likely to seem a very cruel joke.

2.) ALTERATIONS IN THE RATE OF INTEREST PAYMENTS ON FEDERALLY GUARANTEED LOANS.

The President proposes to move from a fixed rate of interest on student loans (currently 7% or 8% on G.S.L.'s and PLUS loans, 5% on NDSL's) to a flexible rate based on the rate for a 91-day Treasury bill note of March 1986 rounded to the nearest whole percent (currently 9%). This of course exposes the student to fluctuations in interest payments and at the same time amounts to a substantive increase in the interest rate.

3.) PELL GRANT PROGRAM ALTERATIONS.

This general heading includes the concept of a "self-help" contribution, the elimination of students from families with an agi of over $25,000, the increase in the assessment rates for parental discretionary income, and the restructuring of the of the formula for determining need. Of all these proposals, we feel the $25,000 cut-off to be the most dangerous. They all, however, strike at limiting the size and availability of the Pell program, which we feel is a tremendously injurious blow to higher education and defeats the President's avowed goal of helping the most needy.

4.) ALTERATIONS IN THE FEDERAL RELATIONSHIP WITH LENDERS.

The President proposes reducing the "special allowance" paid to lenders every quarter throughout the life of each loan to cover the cost of making that loan. Under current law, the allowance is the current 91-day T-bill rate plus 3½% or the interest on the loan, whichever is higher. The President would cut this rate to 1½% while the borrower is in school or repayment status and 3½% while in repayment. This will significantly reduce the yield on the program to the holder of the note, and many lenders may react by not making the loans altogether. In effect, we fear the the President may be "pulling the rug out" from under the program.

5.) ELIMINATION OF THE SEOG AND SSIG PROGRAMS.

The elimination of the Supplemental Education Opportunity Program would immediately cut off around 800 Kansas students if no such grants were made. However, the President would allow institutions to use up to 50% of their college work/study money (which he proposes to increase) to fund educational grants. Inevitably, however, either some grants or some work/study positions will be lost, and we can ill afford either. The State Student Incentive Grant program, if eliminated, would leave a gaping hole in the Kansas aid delivery system since it funds the state scholarship program. Either the state would assume all the funding, or we would lose the only program the state has for attracting meritorious scholars to Kansas schools.

Mr. SOLARZ. Thank you.

STATEMENT OF TODD BAKER, PRESIDENT, OHIO STATE STUDENT ASSOCIATION

Mr. BAKER. Thank you. Mr. Chairman, members of the subcommittee; I wish to thank this panel for affording me this opportunity to testify. I am appearing here on behalf of nearly a quarter million students of the State system of higher education of Ohio.

Along with dozens of other student leaders across the United States, I was shocked by the severity of the cuts in Federal student financial aid proposed by the President on February 4. I began to assemble estimates of how students in my own home State would be affected should these cuts pass. The information that follows includes the students who will be affected at each institution as well as the amount of money each college would lose if the cuts were implemented. These figures were compiled by student financial aid administrators statewide in conjunction with the Interuniversity Counsel of Ohio and for the sake of brevity, I will just single out two or three institutions.

I particularly would like to draw your attention to Central State University. It is a small, historically black college in southwestern Ohio and unlike what its name would lead you to believe, and as you can see the enrollment is 2,501 students. Now, the number of students affected according to the estimate made by the financial aid director there suggested 2,358 students would be affected. Now that number is a duplicated number which means some students do receive aid under several programs so that number would not be quite as high, but as you can see a very high proportion of students at Central State would be affected. Now, I do not have the figure for how much money those students collectively would lose.

Another campus, I believe it is the second largest campus in the United States, that of Ohio State University, with 53,000 students, 13,530 students would be affected losing collectively some $18.8 million. By the GSL cuts alone, the numbers of students affected at OSU would be some 8,000. And on my own campus at Kent State which is perhaps a typical State university in Ohio with an enrollment of 20,000; perhaps I should point out here that Kent State is in the district of Representative Eckart who as you know is a member of the subcommittee.

There are 20,000 students at Kent State; 3,226 students would be affected, costing these students collectively some $5 million. Statewide then in a State system of about 248,000, 47,800 some students would be affected, collectively losing about $77,500,000.

And as I said, the figures are not unduplicated, so therefore since some students do receive aid under more than one program, the figures would actually be somewhat less.

Nonetheless though, these figures are startling. Twenty percent of the students or 19.2 percent to be exact of the students in the State system of higher education of Ohio would be affected if these cuts are enacted. Many of these students would be forced to drop out. Such an eventuality is just not acceptable.

We Americans justifiably take pride in the Land of Opportunity. For hundreds of thousands of students nationwide this opportunity is under attack. From the standpoints of morality, national defense, and the economy, these proposals are illadvised. Insofar as morality is concerned, we cannot justify the denial of educational opportunity to capable young people just because they are poor or middle class. Wealth should never be the determining factor in questions of who should attend colleges and universities. Simply stated, any plan that would deny educational opportunity on account of income is morally indefensable. No nation can reasonably expect to be well defended if men and women of learning are in short supply.

This Nation's defense relies on graduates in the fields of engineering, chemistry, physics, et cetera. More importantly, this Nation needs men and women schooled in diplomacy and conflict mediation in order to avoid the final conflagration that could engulf all of us.

From the viewpoint of our evolving economy, higher education is essential. Well paying jobs that do not require a college degree are quickly vanishing. I know, I come from the Mahoning Valley of Ohio where tens of thousands are still unemployed. Many of these have been searching valiantly for work but there is no work to be found. In the city of Youngstown where the air was once thick with smoke from the steel plants the skies are clear. Youngstown State University is now the largest employer in the city of Youngstown. The people of the Mahoning Valley look to YSU and to Kent State to provide them with the skills they need in order to be productive members of society. We cannot afford to close the door of upward mobility for those in Youngstown, other depressed areas, and the Nation as a whole.

Furthermore, as the economy moves from smokestack industries to areas of high technology, institutions of higher education across the country are providing research opportunities for high technology industries. Specifically in Ohio, the University of Akron has a world renowned polymer science research center. Kent State University is the leader in liquid crystals development and made possible the technology in the watches many of us wear. And in the field of biotechnology, Ohio University is becoming the center of gene splicing research.

Student financial aid comprises less than 1 percent of the Federal budget. Simply stated, they are a bargain. For this 1 percent, we enable millions of capable young people and others to make meaningful contributions to society as doctors, lawyers, dentists, historians, sociologists, et cetera. Can America afford to squander its greatest resource, its people? Thank you.

[Prepared statement of Todd Baker follows:]

Prepared Statement of Todd Baker, President, Ohio Student Association

Mr. Chairman, Members of the Subcommittee: I wish to thank this panel for affording me this opportunity to testify. I am appearing here on behalf of the 250,000 students of the state system of higher education of Ohio.

Along with dozens of other student leaders across the United States, I was shocked by the severity of the cutbacks in Federal Student Financial Aid proposed by the President on February 4. I began to assemble estimates of how students in my home state would be affected should these cuts pass. The information that follows includes both the numbers of students who will be affected at each institution as well as the amount of money each college would lose if the cuts were implemented. These figures were compiled by student financial aid administrators state-wide in conjunction with the Inter-University Council:

[Dollars in millions]

Institution	Enrollment	Students affected	Money to be lost
U of Akron	26,500	2,736	$5.34
Bowling Green S U	16,600	2,713	4.72
Central State U	2,501	2,358	[1]
U of Cincinnati	30,250	7,337	9.8
Cleveland State U	17,500	1,170	1.39
Kent State U	20,000	3,226	5.0
Miami U	15,097	3,369	6.0
Ohio State U	53,044	13,530	18.8
Ohio U	14,924	3,743	7.29
U of Toledo	21,000	5,000	4.9
Wright State U	14,629	1,678	2.3
Youngstown S U	15,342	1,201	1.36
Totals	248,000	47,835	77.59

[1] Not available.

These figures reflect the aggregate number of affected recipients of all programs at each institution. Students who receive aid under one federal program may receive aid under others as well, so they are duplicated totals. These numbers are startling none-the-less. Nearly 20% of the students of the state system of higher education will be affected if these cuts are enacted. Many of these may be forced to drop out. Such an eventuality is simply unacceptable. We Americans justifiably take great pride in this land of opportunity. For hundreds of thousands of students nationwide, that opportunity is under attack. From the standpoints of morality, national defense, and the economy, these proposals are ill-advised.

Insofar as morality is concerned, we cannot justify the denial of educational opportunity to capable young people just because they are poor or middle-class. Wealth should never be the determining factor in questions of who should attend colleges and universities. Simply stated, any plan that would deny educational opportunity an account of income is morally indefensible.

No nation can reasonably expect to be well-defended if men and women of learning are in short supply. This nation's defense relies on graduates in the fields of engineering, chemistry, physics, etc. More importantly, this nation needs men and women schooled in diplomacy and conflict mediation in order to avoid the final conflagration that would engulf all of us.

From the viewpoint of our evolving economy, higher education is essential. Well-paying jobs that do not require a college degree are quickly vanishing. I know, I hail from the Mahoning Valley of Ohio, where tens of thousands are unemployed. Many of these have been searching valiantly for work, finding none. In the city of Youngstown, where the air was once thick with smoke from steel plants, the skies are now clear. Youngstown State University is now the largest employer in the city. The people of the Mahoning Valley look to YSU and to Kent State to provide them with the skills they need in order to be productive members of society. We cannot afford to close the door of upward mobility for those in Youngstown, other depressed areas, and the nation as a whole. Furthermore, as the economy moves from smokestack industries to areas of high-technology, institutions of higher education across the country are providing research opportunities for high-technology industries. Specifically, in Ohio, the University of Akron has a world renowned polymer science research center, Kent State University is the leader in liquid crystals development, and in the field of biotechnology Ohio University is becoming the center of gene-splicing research.

Student Financial Aid Programs comprise less than 1% of the federal budget. Simply stated, they are a bargain. For this one percent, we enable millions of capable young people (and others) to make meaningful contributions to society as doctors, lawyers, dentists, historians, sociologists, etc. Can America afford to squander its greatest resource—its people?

Mr. FORD. Thank you very much. We have another panel and we are running very tight on time, so I am going to withhold questions at this time. Do you have questions, Tim?

Mr. PENNY. No.

Mr. FORD. I want to thank you for your presentation and particularly thank you, Jenny, for giving us an example. I wish that Mr Stockman could meet you. He does not know what an ability benefit student looks like and I do not have any idea what picture he has in his mind when he talks about them. It was actually Mr. Biaggi who was the sponsor of the amendment a few years ago when we were fighting with a previous administration over the interpretation of what we thought we had intended with the GED and the ability to benefit modifications of the previous requirement of a high school diploma. To make it abundantly clear, the Biaggi amendment was adopted which spelled it out and I am afraid that we have to keep teaching, every 5 years we have to teach a new group of people what that was all about. There is not a city in the country where there are not people like Jenny Mathews and your great success story is certainly consistent with the ideals of this country. But I do not think that Jenny Mathews is going to be the only person that benefits from this educational opportunity. It is pretty apparent that a whole lot of other people have already started to benefit just by being in school. I thank all of you for your contribution and preparation you made and particularly for the thoughtful analysis that your weekend of effort produced for us.

There are some people in the country who do not think you are thinking about things like this, and that you really therefore have not got much in the way of a constructive contribution to make. That has not been the experience of this committee over the years and we are pleased to see you getting organized again.

For a little while, I thought that indeed they were right and people were going to sleep on college campuses. Everybody was so concerned about their own individual career ladder that they did not really look around them to see what was going on. You need to be working on the Members of Congress in the several States that you are from and you have got a dandy with a Senator coming up for reelection of some importance in Kansas. Just make them aware and have the students make them aware of your concern, then they will talk to us and we will take it from there. Thank you very much.

Mr. BAKER. Thank you, Mr. Chairman.

Mr. FORD. Steven Benson, Chair of the Independent Student Coalition of New York State; Cindy Burski, Chair of Minnesota State University Student Association; Karen McMahan, Chair of the New York Public Interest Research Group; Mary Theresa Boyle, student at Georgetown University; and Janice Rivera, student of hair design at the Hair Design Institute.

Mr. Benson? Without objection, the prepared statements that have been submitted to the committee will be inserted in the record contemporaneous with and immediately preceding the comments of each of the witnesses as they proceed.

Mr. Benson, would you like to lead it off by commenting on, summarizing, highlighting, or supplementing your statement in any way you feel most comfortable.

Mr. Benson. You would rather I not read the whole statement?

Mr. Ford. Well, you can read it if you want to, but I would prefer in the interest of time you tell us what you expect us to find because it is now in the record in full as if you had read it. You tell us what it is in there that you want special attention given to?

STATEMENT OF STEVEN BENSON, CHAIR, INDEPENDENT STUDENT COALITION OF NEW YORK STATE

Mr. Benson. Sure. I will start out by reading.

Mr. Chairman and honourable members of the committee, my name is Steve Benson, I am a senior at Union College, an independent institution in Schenectady, NY, with an undergraduate enrollment of about 2,000 students. I am also the chairperson of the independent Student Coalition, an affiliation of Student Government Associations at independent colleges in New York State which represent the interests of over 300,000 students.

On behalf of the members of the Independent Student Coalition, and on behalf of the students at independent colleges in New York State, I wish to thank you for giving us this chance to be heard.

To begin with, I shall tell you why I am here today. I am not here today because of self interest in a policy decision. Rather, I am here today because of an enduring principal that I was brought up with. A principal which my family has engrained into me.

During World War II, my father was in the Army. He has told me many stories about his time in the armed services, but I have always remembered one story most vividly, the one he has told me least about. Simply, my father was in a glider accident and every man aboard that glider died except for him. All of them, he said, were about my age; 19, 20, 21; and the horror, the horror was that not one of them would see their dreams, the dreams they were brought up with, the dreams they lived for. I have only seen my father cry twice, the time he told me this story was one of them. So what? What was my father telling me in this story? I think my father was, in his way, telling me the importance of the American dream. I think he was telling me about that ever present part of American thought where any man or woman can exercise their ability to work their way up that ladder of success and to see their family, their sons and daughters given that same opportunity. But those men in that glider with my father never saw that opportunity, nor saw their possible sons and daughters given that opportunity. Sometimes in tragic circumstances, that opportunity is lost. But you can also lose that opportunity to public policy.

Is it not also wrong when that opportunity is possible and it is deliberately taken away. Congress, I know, faces difficult constraints on the 1986 budget. As always, many Americans need seek solution to programs and laws to be determined by our elected representatives. But for this fiscal year 1986, there is also the albatross of record setting deficits, itself a problem that needs a solution. I recognize this, most Americans recognize this and members of Congress themselves recognize this. The question still is what is best for our country and what is the best budget that can be implemented given these constraints?

When my father was discharged from World War II, he attended college here at the City University. It was possible back then for individuals to work part time jobs, save their earnings and pay their living expenses while earning a college degree, but now it is 1985 and the price tag for a degree routinely adds up to more than most people can afford. Next year the average cost of attendance at an independent institution in New York is projected to be $11,600. Well, so much for pulling yourself up by your bootstraps in earning a college degree. That is, I have not heard of many $11,000 summit jobs flipping hamburgers. But what about Federal assistance? I am not sure if there is anything more disheartening to a student, someone working 20 hours a week at a Work Study job, someone borrowing maximum GSL and then going further into debt with Auxiliary loans, someone with a younger sister or brother that will not go to the college of his or her choice because of the extraordinary expense involved with trying to pay the bills of two independent colleges; what could possibly be worse than being told that your aid will be cut while tuition will be hiked? What could possibly be more destructive to the students receiving aid in this country than to be told in return for the sacrifices that you and your family is going through so that you can attend the college that is the right size for you, the sacrifice that has placed you at a college that has a special program in return for sacrifices we are going to cut your financial aid. This is current national policy, and let there be no mistake about it, it hurts.

It has already been said that the educations of independent colleges are not meant for everyone. Secretary Bennett has said as much, that getting a degree wherever the price is lowest is really the national goal. And there is no question that the intent of the original budget proposals and early compromise budgets would go far in accomplishing that goal. But look at the real costs involved, this intent, an intent pushed in Washington says to every middle and low-income family at a private college "You do not belong here". That is an ugly national statement, that is a dangerous national statement. It would separate the rich from the rest of the country and when implemented would slam the college gate in the faces of the majority of middle and low-income students at private colleges. Some say that this is necessary because there is a deficit to be dealt with and we all have to sacrifice. The price we have to pay for this deficit is to lose middle and low-income students earning a college degree, and especially so with independent colleges. While all you see is made up of student governments at independent colleges, our largest governing body is made up of student government Presidents and officers. So, we look around to see just what kind of student is going to be tbe sacrificial lamb for this intent. Roughly, three-quarters of the student government presidents at independent colleges get Federal financial aid.

I would like to fill this picture a little more. The ISC's executive board and committee chairs of students at independent colleges. For six out of eight of our executive officers, their parents did not go to college. Two are independent students, all receive GSL, all receive college work study, all but two receive Pell and SEOG. Most receive TAP New York State Student Incentive Grant, three obtain and receive national direct student loans. That is what these individuals receive in Federal support, what have they given in return? Half of these officers have received public service awards from their college for their contribution to the campus community. Each has served at least 3 years in student government as representatives elected by their peers. The cumulative grade point average hovers a tenth of a point below 3.5, a solid A minus. Of those who have taken standardized tests for graduate level education, their average scores ranked at the 96 percentile. There is a valedictorian, there is a veteran with 4 years service in the Air Force, but not one of these students could have attended their independent college without financial aid. So, does student financial aid work? It certainly seems to. Does not it? Federally funded financial aid has allowed these student leaders of today who will surely be the civic leaders of tomorrow access to independent campuses. Are these the kind of students that do not belong at independent colleges? Can anyone seriously suggest that it is a good national policy to financially prohibit such future leaders from the independent college education? But what is most frightening to me is that these talented individuals are not really exceptions. As ISC has worked with student leaders on campuses across this State, we have found financially needed students contributing in thousands of ways to their community. It is not surprising. In order to be able to afford an independent college degree, middle income and lower income families need financial aid. Under the proposed budget they will not get it. Under the proposed budget, they will not go to higher priced colleges. Under the proposed budget, students that are some of the brightest, most dedicated and most public service minded people in independent institutions will have their families and their own sacrifices rewarded with an economic mandate to say goodbye to their alma mater. That is not the American dream that I was brought up with. Those are not the principals of opportunity that I learned in my family. It scares me, it scares my friends, it is a tragedy in the making. Please, I plead with you to stop it. Thank you.

[Prepared statement of Steve Benson follows:]

PREPARED STATEMENT OF STEVE BENSON, SENIOR, UNION COLLEGE, SCHENECTADY, NY

Mr. Chairman, Congressman Biaggi and Honorable Members of the Committee, my name is Steve Benson. I am a senior at Union College, an independent institution in Schenectady, New York, with an undergraduate enrollment of about two thousand students. I am also the Chairperson of the Independent Student Coalition, an affiliation of student government associations at independent colleges in New York State. On behalf of the members of the Independent Student Coalition and on behalf of the students at independent colleges in New York State, I wish to thank you for giving us this chance to be heard.

To begin with, I should tell you why I am here today. I am not here today because of self-interests in a policy decision. Rather, I am here today because of an enduring principle that I was brought up with. A principle which my family has engrained into me.

During WWII my father was in the Army. He has told me many stories about his times in the armed services, but I've always remembered one story most vividly; the one he has told me least about. Simply, my father was in a glider accident. And, every man aboard that glider died, except for him. All of them, he said, were about my age, 19, 20, 21 . . . and the horror was that not one of them would see their dreams, the dreams they were brought up with, the dreams they lived for. I've only seen my father cry twice. The time he told me this story was one of them.

So what? What was my father telling me in this story. I think my father was, in his way, telling me the importance of the American Dream. I think he was telling me about that ever present part of American thought, where any man or woman can exercise their ability to work their way up that ladder of success and to see their family, their sons and daughters, given that same opportunity. But, those men on that glider with my father never saw that opportunity nor saw their possible sons and daughters given that opportunity. Sometimes, in tragic circumstances, that opportunity is lost. But, you can also lose that opportunity through public policy. Isn't it also wrong when that opportunity is possible and it is deliberately taken away?

Congress, I know, faces difficult constraints on the '86 budget. As always, many American needs seek solution through programs and laws to be determined by our elected Representatives. But for this fiscal year 1986 budget, there is also the albatross of record setting deficits—itself a problem that needs a solution. I recognise this, most Americans recognize this and Members of Congress themselves recognize this. The question, still, is what is best for our country and what is the best budget that can be implemented given these constraints.

When my father was discharged from World War II, he attended college here at the City University. It was possible back then for individuals to work part-time jobs, save their earnings and pay their living expenses while earning a college degree. But now it's 1985—and the price tag for a degree routinely adds up to more than most people can afford. Next year the average cost of attendance at an independent institution in New York is projected to be eleven thousand, six-hundred dollars. Well, so much for pulling yourself up by bootstraps and earning a college degree: that is, I haven't heard of many eleven thousand dollar summer jobs flipping hamburgers. But what about federal assistance?

I'm not sure if there's anything more disheartening to a student—someone working twenty hours a week at a work-study job; someone borrowing maximum GSL and then going further into debt with Auxiliary Loans; someone with a younger sister or brother that won't go to the college of her or his choice because of the extraordinary expense involved with trying to pay the bills of two independent colleges—what could possibly be worse than being told that your aid will be cut while tuition will be hiked? What could possibly be more destructive to the students receiving aid in this country than to be told: In return for the sacrifice that you and your family is going through so that you can attend the college that's the right size for you; the sacrifice that has placed you at a college that has a special program; in return for sacrifices, we are going to cut your financial aid. This is current national policy—and let there be no mistake about it, it hurts.

It's already been said that the educations at independent colleges are not meant for everyone. Secretary Bennett has said as much—that getting a degree wherever the price is lowest is really the national goal. And there's no question that the intent of the original budget proposals and early "compromise" budgets would go far in accomplishing that goal. But look at the real cost involved. This intent, an intent pushed in Washington, says to every middle- and low-income family at a private college: You don't belong here. That is an ugly national statement. That is a dangerous national statement. It would separate the rich from the rest of the country—and when implemented would slam the college gate in the faces of the majority of middle and low income students at private colleges. Some say that this is necessary, because there's a defecit to be dealt with and we all have to sacrifice. The price we have to pay for this deficit is to lose middle and low-income students earning a college degree—and especially so at independent colleges.

Well, ISC is made up of student governments at independent colleges. Our largest governing body is made up of student government Presidents and Officers. So we've asked around to see just what kind of student is going to be the sacrificial lamb for this intent. Roughly three quarters of the student government Presidents at independent colleges get federal financial aid.

I'd like to fill in this picture some more. The ISC's Executive Board and Committee Chairs are students at independent colleges. For six out of eight of our Executive Officers, their parents didn't go to college. Two are independent students. All receive GSL. All received college work-study. All but two receive PELL and SEOG. Most receive TAP, New York's State Student Incentive Grant. Three of ten receive National Direct Student Loans. That's what these individuals receive in federal support: what have they given in return?

Half of these officers have received public service awards from their college for their contribution to the campus community. Each has served at least three years in student government as representatives elected by their peers. Their cumulative grade point average hovers a tenth of a point below 3.5—a solid A minus. Of those who have taken standardized tests for graduate level education, their average score is ranked at the 96 percentile. There's a Valedectorian. There's a veteran with four year's service in the Air Force. But not one of these students could have attended their independent college without financial aid. So, does student financial aid work? It certainly seems to, doesn't it? Federally funded financial aid has allowed these student leaders of today—who will surely be the civic leaders of tomorrow—access to independent campuses.

Are these the kind of students that don't belong at independent colleges? Can anyone seriously suggest that it's a good national policy to financially prohibit such future leaders from an independent college education?

But what's most frightening to me is that these talented individuals are not really exceptions. As ISC has worked with student leaders on campuses across this state, we've found financially needy students contributing in thousands of ways to their community. It's not surprising: in order to be able to afford an independent college degree, middle income and lower income families need financial aid. Under the proposed budget, they won't get it. Under the proposed budget, they won't go to higher priced colleges. Under the proposed budget, students that are some of the brightest, most dedicated, and most public service minded people at independent institutions will have their family's and their own sacrifices rewarded with an economic mandate to say good-bye to their alma mater. That's not the American dream that I was brought up with; those aren't the principles of opportunity that I learned in my family. It scares my friends; it's a tragedy in the making. Please, stop it.

Thank you.

Mr. FORD. Thank you very much. Cindy Burski?

STATEMENT OF CINDY BURSKI, CHAIR, MINNESOTA STATE UNIVERSITY STUDENT ASSOCIATION

Ms. BURSKI. Mr. Chairman, board and members of the subcommittee. Good afternoon, I guess it is almost now.

My name is Cindy Burski and I am from Minnesota and I am currently a senior at Morehead State University and I now serve as a State chair of the Minnesota State University Student Association representing 45,000 students.

Currently, I also serve as the chair of the student advisory committee to the higher education coordinating board in my State. This advisory committee represents students from vocational technical institutes, community colleges, private postsecondary schools, private colleges, University of Minnesota, high school students and State universities over a quarter million students. This very diverse group has come to agreements on the following statement:

> We call upon the United States Congress to ensure that the PELL Grant program is fully funded to reach all students who have financial need. We further entreat the United States Congress to guarantee access to loan capital for students in this country by rejecting any proposed income cap on the Guaranteed Student Loan Program. We ask members of Congress to provide funds to State financial aid agencies to ensure the availability of quality financial aid information to all students. And finally, we believe that students who are financially independent of their parents, regardless of age, should be treated as independents in the financial aid process.

While recognizing that the students in Minnesota are also adversely affected by the budget cuts, I would like to expand on the last point of the independent students for the rest of my testimony.

In Minnesota, the independent student definition has been an issue for several years now. The Minnesota higher education coordinating board has recently added an arbitrary age criteria of 22 to the requirements for student independency. This rule goes into effect for the 1985-86 school year, and students are already finding it impossible to live with.

My student association along with the other student associations in my State has introduced legislation that would make the student independent definition the same as the current Federal definition. This legislation received overwhelming bipartisan support from legislative leaders on all of the education subcommittees and policy committees. It had the backing of all of the system administrative heads, all of the State's student groups and the faculty associations. After countless hours of testimony from students who would be adversely affected, these legislative leaders in our State recognized that the rule change was arbitrary, callous, and simply unnecessary. The concern raised most often by the heads of the system was the lack of sufficient data to support the contention that there was widespread abuse. One of the administrators of our system likes to refer to this policy as "throwing the baby out with the bath water."

Currently, our coordinating board is using an appeals process for those students under the age of 22 who do not meet the exemptions. I am serving on this committee. In the past month, this committee has received over 50 cases of undue hardship and I would like to share with you a couple of actual cases that I have to deal with on this committee. After a painful divorce, severed all family ties. Yet, under this policy change, because he is under 22, he is considered dependent. There is Sally, whose father refuses to support her education and in fact her father has asked her to leave home because he does not believe that a higher education is necessary for women. How will it change in the definition affect Sally's ability to attend an institution of higher learning? There are countless examples of students who have not received any financial support from their families and yet will be expected to provide family income data. All students under the age of 22 will be considered dependent on their families regardless of the realities of the situation. We ask, is this responsible good policy to ignore the realities as the situation in favour of an easy and arbitrary solution which is not based on fact but on supposition.

This system of simple elimination by age puts those students who are most dependent on aid and who have such traumatic experiences in their background in a difficult situation where they are required to tell me, a total stranger, the intimate personal details of their reality in their situation, and I do not think that this policy should be adopted by the Federal Government because these students would simply be denied access to a higher education.

A major concern raised by students is the sometimes imperfect needs analysis. If a student and his or her parents fill out the needs analysis formula and it shows that they are expected to contribute $2,000 and yet the parents perceive that they cannot pay this, the student is the one who suffers. If parents simply will not contribute to an education for their offspring, there is no legal recourse.

The Minnesota experience is one where the legislators agree that this is not good public policy and yet the rule change is allowed to remain because of a lack of funding. These are moneys that were in the budget until this year and I urge you not to take a very diverse group of people like the independent students and simplify their situation. These students, like Julia, who has not been allowed in her house since she was 17 are real people who want an education and I urge you not to deny these people access to a better life.

[Prepared statement of Cindy Burksi follows:]

PREPARED STATEMENT PRESENTED BY CINDY BURSKI ON BEHALF OF THE MINNESOTA STATE UNIVERSITY STUDENT ASSOCIATION

The Minnesota State University Student Association has seriously considered both the proposed budget for higher education and the longer term reauthorization of the Higher Education Act of 1965.

We would like to offer our suggestions and comments on both the federal budget proposal and the reauthorization. We have attempted to prioritize the Title IV programs and comment on their purpose from our viewpoint as students.

We realize that this is a time of restricted means for the federal government. We have kept this in mind as we have analyzed the proposals and we hope that our suggestions will not be viewed as unreasonable in this time of restraints. Rather we have commented on those programs that we feel are essential in the federal financial aid package.

The first and most important area in the federal financial aid arena is the Pell Grant Program. We believe this country needs to make a commitment to everyone who want to attend an institution of higher education. This commitment to access is funded in the Pell Grant program.

As shown in the following Table, students from poor and minority families are those that would be hurt the most by the proposed budget cuts. A higher education is not meant to be a reality for only the middle and upper classes of America. If the current budget proposals are adopted the Pell program will no longer serve those that are the neediest. We firmly believe that this program must continue to be the base on which to build a solid financial aid program.

The most damaging part of the proposed Pell Grant changes is the increase in the amount of discretionary income expected from parents. Once again the philisophical foundation of the Pell Grant program is eroded. It is only the student who suffers when parents do not perceive they are able to contribute as much as financial aid form dictates. Increasing the amount of discretionary income expected from parents does not provide a guarantee for students nor does it provide incentives for parents to conform to these expectations.

Those students from low income and/or minority families are more likely to base their decision to continue their education on finances. This choice should be one of a desire for higher education—not one of finances.

Table II gives some facts on the effects the proposed budget would have on the Minnesota State University System students. These facts include all programs and are from the original federal budget which was more generous in many ways to the Pell Grant program. We would support amendments to protect the Pell Grant program from further erosion.

FINANCIAL AID RESOLUTION PASSED MAY 1, 1985

Whereas citizens of the United States have a right to attain a higher education regardless of financial, economic, racial, or religious background;

Whereas the federal government must reinforce its commitment to access through the Higher Education Act Title IV financial aid programs;

Whereas students across the country need to be informed about the financial aid available to them;

Be it, therefore, resolved, The Minnesota Student Advisory Council (SAC) to the Minnesota Higher Education Coordinating Board calls upon the United States Congress to ensure that the Pell Grant Program is fully funded to reach all students who have financial need;

Be it further resolved, The Minnesota SAC entreats the United States Congress to guarantee access to loan capital for students in this country by rejecting any proposed income cap on the Guaranteed Student Loan Program;

Be it further resolved, The Minnesota SAC invokes members of Congress to provide matching funds to state financial aid agencies to ensure the availability of quality financial aid information to all students;

Be it further resolved, The Minnesota SAC believes that student who are financially independent of their parents, regardless of age, should be treated as independents in the financial aid process.

NOTE.—The Minnesota Student Advisory Council consists of members of the following student groups: The Minnesota Area Vocational Technical Institutes, The Minnesota Private Post-Secondary Schools, The Minnesota Community Colleges, The Minnesota Association of Private Colleges, The Minnesota State University Student Association, The Minnesota Association of Student Councils, and the University of Minnesota Student Association.

AVAILABLE OPTIONS

1. *Retain the current definition:* The current criteria seems to be the most reasonable. The problem is the verification of two of the three criteria—cannot have received more than $750 from parents and cannot have lived at home more than 42 days. GECB has claimed that students can receive money and in kind totalling more than $750 from their parents without anyone knowing. A student could also be at home more than 42 days since no one is watching the student to verify this item. There are problems with the current criteria which could be remedied without acquiring an age limit.

2. *Student declaration of income sources:* This option would require that a student declare his/her income sources such as work, money from parents, trust funds, or any other source of income. Students would be randomly audited to verify the information they have listed on their income. This approach would answer the concern with verificiation of in kind or monetary support from the parents. A penalty would be attached for those whose financial situation is misrepresented on the form.

3. *Require signed affidavit from parent:* The parent would be required to provide a signed affidavit that they are not providing any financial help to their son or daughter (either in kind or monetary) above $750; and are not providing lodging for the student for more than 42 days out of the year. Should the parent NOT provide an affidavit, the student may present other information to prove that he/she is indeed independent. The HECB has already used this method of verification since 1981-1982 requiring everyone under 30 to submit a notarized statement signed by his/her parents verifying the accuracy of the information. The HECB has stated that this method of verification has "weeded" out one third or 6,000 of those applying for independent student status in 1981-82 (Statement of Need and Reasonableness, May 28, 1984 pg. 12). If there is indeed anecdotal evidence that people are arranging their family finances, then those people could be prosecuted for falsification of the information. The affidavit is a signed and notarized statement, a legal document, which can be used in court if improprieties exist.

4. *Proof of work:* A student, under this requirement, would be asked to provide proof that they are able to maintain themselves financially without help from their parents. The student should be able to prove that they are working at least part time. The problem with this method, however, is that a student may have other means of support other than a job (i.e. inheritance, welfare, spouse.) This option would be best incorporated into option 2, Student declaration of income sources.

5. *Use of one form of information as proof of independence:* The revised HECB rule carries with it a clause for students who are under age 22 and want to prove that they are indeed independent. The HECB asks for the following documentation: ". . . documentation such as income tax returns, rent payments, proof of residence, voter registration or similar documentation that reasonably may be requested by the Board or its agents and employees to establish that the applicant's parents have severed relations with the applicant and that the applicant has established a pattern of self-supporting behavior."

The key phrase in this clause is, has established a pattern of self-supporting behavior. The use of these forms of information would most certainly provide the Financial Aid Administrator and the HECB with proof that a student is indeed independent and able to support himself/herself. The argument could be made that this is too much paperwork for an aid administrator and the HECB to deal with in a time of time constraints. We would argue that such documentation is a small price to pay when it comes to a student's access to higher education. It is also no greater paperwork than is currently required under the HECB exemptions policy.

6. *Change in status while pursuing a post secondary education:* One of the allegations raised against students under age 22 is that they arrange their status while in school. A solution to this problem would be to "flag" students who change their status from dependent to independent. A student's application would be pulled from the computer and they would have to present verifiable proof that their status has legitimately changed—such as death of parents. This would disallow higher income families from transferring family responsibility for paying college costs to the state. The HECB and the financial aid community are collaborating on a computer network that would tie in the local campus to the HECB computer in St. Paul. This would offer an opportunity for verification of information received from the student since the people at the front lines would know the student on a personal basis. The

computer-tie-in would insure a flow of information on a student's particular problem as opposed to the present administrative red tape.

TABLE I

[From the Chronicle of Higher Education]

EACH OF 250,000 STUDENTS FROM POOR FAMILIES SEEN LOSING $1,160 IN AID UNDER REAGAN PLAN

(By Cheryl M. Fields)

WASHINGTON.—Almost a quarter of a million students from families with annual incomes of less than $6,000 would lose an average of $1,160 each in federal aid under President Reagan's budget proposals, according to a report by the American Association of State Colleges and Universities.

An additional 96,000 students from families with incomes between $6,000 and $12,000 would receive less aid than they do now, the report added.

"These figures show that the Reagan Administration's claim that the cuts would affect only middle-income students from families with incomes of more than $25,000 is false," said Allan W. Ostar, president of the association. "In fact, 40 per cent (500,000) of the students who would be affected come from families with incomes below $25,000 per year."

The President proposed in his budget for fiscal 1986 to cut $1.6-billion from student aid by such means as restricting Guaranteed Student Loans to students from families earning under $32,500 a year, restricting Pell Grants to students from families earning less than $25,000 and limiting a student's total federal aid to $4,000 a year.

Other changes that would be "especially damaging to low-income and minority students," Mr. Ostar said, are proposals that would increase the amount of discretionary income that a family would be expected to contribute before a student could receive a Pell Grant and that would bar most students under the age of 22 from declaring themselves financially independent of their families.

The analysis was based on data gathered in a survey of the records of 15,616 student-aid recipients at public and private colleges and universities in academic 1983-84. The 371 institutions whose students' records were included in the survey "represent a stratified, random sample of public and private colleges and universities in the U.S.," the association said.

NUMBER OF STUDENTS WHO WOULD LOSE AID UNDER REAGAN PROPOSALS

Income	Low-income	Minority	Women	Female single parents
Less than $6,000	236,992	61,028	114,088	17,535
$6,000–$12,000	95,934	20,838	50,696	3,131
$12,000–$18,000	92,812	15,158	49,240	2,601
$18,000–$25,000	72,270	8,184	34,548	395
$25,000–$32,500		39,867	133,506	534
$32,500 and above		31,737	249,063	
Total	498,008	176,815	631,145	24,106

Source: American Association of State Colleges and Universities.

TABLE II—IMPACT OF INITIAL REAGAN PROPOSALS ON SUS STUDENTS

Many students attending one of the Minnesota State Universities would be denied aid, or receive reduced aid, if the Reagan proposed cuts in federal financial aid are adopted. Based on campus surveys, estimates of the number of affected students have been determined as outlined below:

1. Limiting PELL, SEOG and Work-Study to Students from families with AGIs of $25,000 would eliminate 15 to 20% of current recipients.
2. Between 13 and 17% of current federal aid recipients would have their aid reduced if the $4,000 aid limit is imposed.

3. Restricting Guaranteed Loans to families with AGIs of $32,500 would eliminate 25 to 30% of the current recipients.

4. About 3 to 5% of current federal aid recipients are self-supporting students under age 22. Some of these students would fail to receive aid if self-supporting status was denied to students under age 22. However, some would continue to qualify as dependent students based on their families' situation.

The Guaranteed Student Loan program is becoming vital for many college students. The MSUSA believes that this increasing reliance on loans is unfortunate for several reasons.

First, there are many students who just cannot accept going to school for four years and being $10,000 in debt upon graduation. Today there is no guarantee for employment like there was 10 or 15 years ago. In the Minnesota State University System we have found that the total amount of Guaranteed Student Loan debt accumulated by our seniors has more than doubled from fiscal year 1982 to FY 1984. The following memo from our State University System Office also points out several other alarming facts about indebtedness. For instance, the number of students taking out loans over $8,000 has risen from 4% of borrowers in FY 82 to 16% of borrowers in FY 83. A difference of only ONE year. Finally, the overall average loan debt of a graduating senior rose nearly 25% in just one year.

Secondly, many students from low income or farm families have seen the trauma of a large debt burden. This reduces the likelihood of accepting a loan burden. The necessity of loans may suggest a risk that is too great to take in higher education.

Finally, the high reliance on loans may lead to a climbing rate of default unless something is done quickly. Student loans are a good source of funding for higher education but we do not believe they should become the foundation for aid in this country. There is a limit to the loan burdens students can handle.

The GSL program must be available to all students at a reasonable rate. An income cap only restricts opportunity. Solid education of the amount of loans accrued, the interest rates, and the amount of monthly payments is needed. Students must be aware of the effects of their loans in order to plan for their future.

LOAN CONSOLIDATION

Perhaps the most serious problem in all student lending today is the problem of loan consolidation. Report after report has indicated that students are in dire need of a reasonable loan consolidation program. What is being proposed is not reasonable. It is ironic that is 1984 when the T-bill rates are 9.2%, the recommendations for loan consolidation are far more stringent than they were in 1980 when T-bill rates were 14%. Recent statistics from SALLIE MAE and the Department of Education indicate that there is a new class of defaulter developing. They are the students who cannot make monthly repayments because the rate is simply too high. We encourage the subcommittee to return to the 1980 loan consolidation requirements.

The reason loan consolidation is such an urgent problem is that those students who have many loans must pay all of those loans back at the same time. For example: Shelli Peterson, a recent graduate of St. Cloud State University has 4 loans of $2,500 each. All of these loans come from different lenders which means she has over $200 per month in loan payments. Yet when she took out these loans she was assured that she could consolidate her loans to make more reasonable monthly payments. If Shelli had married someone who had an equal amount of loan burden you can see their monthly payments would have been prohibitive. However, even today Shelli and her husband are restricted from making necessary major purchases.

DEFINITION OF DEFAULT

Currently the federal government, when computing the default rate on student loans does NOT consider those people who have defaulted and then entered repayment. We consider a new definition of "default" to be a low cost way to cut down on the default rate and also produce an incentive for states and institutions to get defaulters into repayment.

When the states and institutions have no incentive for finding defaulters everyone stands to lose. By expanding the definition of default to include mechanisms for students, institutions, and states to erase that default upon entering repayment, the federal government only stands to save money. This new definition would also provide a TRUE picture of the rate of default rather than a very dated look at loan defaults.

INCOME CONTINGENT LOAN REPAYMENT

Currently in Minnesota a proposal to allow medical profession students to repay their loans on an income based plan is being considered. The MSUSA believes this is a program which must be considered on a federal level as well. Dr. David Longanecker, Executive Director of the Minnesota Higher Education Coordinating Board has proposed the Minnesota plan. He is hoping to expand the program in include many students within a few years.

On the federal level the government can reduce the default rate if the student is given the opportunity to adjust the repayment to his/her job situation. This promotes sound fiscal planning and allows for both quick and delayed repayments.

State University System,
Office of the Chancellor,
St Paul, MN, January 16, 1985.

Memo to: State University Board.
From: Robert S. Krause, director of student affairs.
Subject: Financial aid update—student borrowing.

Last October you were provided a summary of Student Financial Aid Programs in the State University System during FY 1984. As part of that report, a section was included on student participation in various loan programs. At that time, we indicated that in FY 1984 students in our System borrowed a total of more than $34 million and that their average Guaranteed Student Loan had increased to approximately $1,900 which was a $100 increase over the preceding year. Additionally, we indicated that staff was continuing to analyze student borrowing trends over the past several years in an attempt to at least partially answer a question of whether or not students are relying excessively on loans to meet the gap between educational costs and their families' resources.

Bob Matuska, Director of Financial Aid at Mankato State University, has spent a portion of his sabbatical leave doing financial aid research in our office. His research on student loan burdens in the Minnesota State University System serve as the basis for the following observations about student borrowing in our System.

1. Data from annual student borrowing at Mankato State University from FY 1974 to FY 1984 suggest that, when figures are adjusted for inflation, the annual loan burdens at Mankato State University appear to have increased only moderately since FY 1974. The average loan in FY 1974 was $864 and in FY 1984 it was $1,724—an increase of 99%.

However, the growth in the number of loans from 1974 to 1984 far exceeds the enrollment patterns for that period. In FY 1974, 2,151 students or 23% of the total enrollment borrowed slightly over $1.8 million from all programs. In FY 1984, 5,697 students or 52% of the total enrollment borrowed slightly over $9.8 million. This increase in the percentage of students needing to borrow in order to meet educational costs is an area of concern. The statistics suggest that it is becoming increasingly necessary for students to borrow in order to have access to publicly funded higher education.

2. Data drawn from all state universities regarding Guaranteed Student Loan borrowing over the last five fiscal years tend to reflect the same pattern as that experienced at Mankato State University. It should be noted however, that this program was sharply impacted by changes in federal legislation during that time period. The Middle Income Assistance Act of 1978 removed the income eligibility cap from the Guaranteed Student Loan program and essentially opened up the program to all students. This caused a large surge in borrowing through 1982 when legislation introducing a needs test for adjusted gross income in excess of $30,000 was implemented.

The net result of the change in federal legislation caused a high point in the participation rate in the program in 1982 followed by a decline in 1983. In FY 1980 there were 7,504 student borrowers, in FY 1982 there were 17,078 student borrowers, and in FY 1984 there were 14,704 student borrowers. In spite of this, the 1980 to 1984 comparisons still strongly suggest that with average loans increasing from $1,609 to $1,906 and total borrowing increasing from $12 million to $28 million, increase costs have caused significantly more families to perceive a need to borrow in order to meet educational costs.

3. Data concerning cumulative loans of seniors in the State University System indicate that significant increases in borrowing are not just a phenomena associated with the total student population on an annual basis, but are persistent for students as they move through their collegiate career to graduation.

Attached is a copy of a Summary of Aggregate Guaranteed Student Loan Indebtedness for Minnestoa State University System Seniors for the Guaranteed Student Loan Program provided by the Higher Education Assistance Foundation for the past three years. The numbers of seniors having a cumulative student loan has increased from 2,628 in 1982 to 4,308 in 1984. This increase of 64% translates into a situation where in 1982 a little over one-fourth of the seniors in the System borrowed from the program to a situation where in 1984 over one-half of the seniors in the System have borrowed an average loan of $5,373 to help finance their collegiate education.

4. Repaying a loan of $5,373 over a ten-year period generally does not pose a serious problem for most university graduates. A loan in this amount would require a monthly repayment of approximately $70 for ten years. However, the percentage increase in the average loan of 26% over a two-year period is a concern. Should this continue unchecked, the average guaranteed loan of a senior in FY 1988 would be approximately $8,500 or require a monthly repayment of almost $110.

5. A more disturbing trend in the guaranteed student loan program is the movement of more students into the upper loan intervals. In FY 1982, only 4% of the borrowers had cumulative loans of $8,000 or more. This increased to 9% in 1983 and 16% in 1984. An $8,000 loan represents a monthly repayment of approximately $100 for ten years. Payments in excess of that may pose serious problems for graduates. Data on cumulative NDSL—GSL indebtedness of graduating seniors at Mankato State University tend to corroborate this trend line. In FY 1983, 9% of the graduating seniors at Mankato State had loans in excess of $8,000 and in FY 1984 that percentage increased to 15%.

In summary, the data suggest that the need to borrow in order to finance the cost of a collegiate education has become more common place. Additionally, larger numbers of students are borrowing larger amounts of funds to finance the cost of their education. As indicated in the October financial aid reports, loans will continue to be a major source of aid to students and we should continue to find ways to minimize the need for students to relay on large loans. Containing costs and increasing work opportunities would help accomplish this goal. Staff will continue to conduct annual research projects designed to monitor the trends presented in this report, and explore additional methods to contain student loan indebtedness. I would be happy to respond to any questions you may have concerning the material contained in this report. Thank you.

Attachment.

SUMMARY OF AGGREGATE GUARANTEED STUDENT LOAN INDEBTEDNESS OF MINNESOTA STATE UNIVERSITY SENIORS

Range	Fiscal year—								
	1982			1983			1984		
	N	Amount	Avg	N	Amount	Avg	N	Amount	Avg
0—1,000	125	$103,149	$825	111	$82,083	$739	119	$97,209	$817
1,001—2,000	297	491,952	1,656	242	383,525	1,585	290	484,414	1,670
2,001—3,000	518	1,330,748	2,569	471	1,164,195	2,472	584	1,474,139	2,524
3,001—4,000	362	1,332,753	3,682	365	1,283,623	3,517	475	1,745,551	3,675
4,001—5,000	563	2,662,100	4,728	522	2,490,782	4,772	700	3,280,981	4,687
5,000—6,000	218	1,219,138	5,592	305	1,696,506	5,562	424	2,361,493	5,570
6,001—7,000	230	1,514,439	6,585	280	1,852,619	6,616	502	3,297,349	6,568
7,001—8,000	200	1,503,213	7,516	305	2,367,068	7,761	514	3,852,414	7,495
8,001—9,000	69	590,869	8,563	136	1,167,885	8,587	355	3,062,580	8,627
9,001—10,000	35	333,918	9,541	95	923,420	9,720	223	2,146,900	9,627
10,001—11,000	9	82,403	9,156	31	326,770	10,541	82	866,491	10,555
11,001—12,000	2	34,335	17,168	7	80,697	11,528	22	253,725	11,533
12,001—13,000				1	24,778	24,778	18	224,517	12,473
Totals	2,628	11,199,017	4,261	2,871	13,843,951	4,822	4,308	23,146,763	5,373

THE CHANGING STUDENT POPULATION

The student population in Minnesota has undergone a change in both the age of the students and the number of credits students are taking.

The part-time student aid issue is a very popular one in Minnesota. In the Minnesota State University System we have had a stable relationship of actual students on the campus to the number of Full Time Equivalents generated. Before 1982 this ratio was about 86%. However, by 1984 that ratio had dropped to 78-79% of the headcount. Across the state we have seen the number of part-time students rise from 27,717 in 1976 to 46,557 in 1983. The following data from the Minnesota Higher Education Coordinating Board demonstrates the part-time student issue and the issue of an aging student population.

The reasons for students becoming part-time are diverse. In my position as State Chair of the MSUSA I have had the opportunity to visit with students from across the state. Everywhere the story is similar: too much time must be spent working, can't afford books, have to care for my child, and their tuition has risen too quickly for them to adjust.

Another factor in the part-time student trend is the aging student population. In the state of Minnesota students over 22 make up over 40% of the student body while one decade ago they only constituted 28% of the population at post-secondary institutions. These older students present unique needs to our traditional campuses. Course offerings, day care, and continuing education needs must all be addressed if our campuses which to educate this population.

Providing financial aid for part-time students and older students must include recognizing the additional costs of day care and other factors. These financial aid formulas must be accessible to the general population which requires a good program of information on financial aid.

We of the MSUSA support financial aid for part-time students and urge Congress to look closely at the needs of the returning older students.

PARTICIPATION

Participation trends affect virtually all aspects of post-secondary education. Enrollment characteristics are related closely to how much the state invests in post-secondary education, the number and types of programs it offers, the facilities it operates, the faculty it supports, the prices it charges, and the financial aid it provides to students. This section reviews several dimensions of participation in Minnesota post-secondary education.

Most of the data focuses on state-level trends. Additional information on system and institution level trends can be found in the Board's annual fall enrollment surveys and other data reports.

Starting in fall 1983, the Coordinating Board received unit records for each student enrolled in an institution. The new method of data collection resulted in the lack of availability of some data on the unit record level. If a table for 1983 displays students classified by two data elements (i.e. sex and level), a student cannot be tabulated when one of the two elements is missing. Data that are unavailable are indicated in a footnote. Although the new data collection design will improve comparability across institutions, it initially may lead to inconsistencies in comparisions across historical data.

ON-CAMPUS HEADCOUNT ENROLLMENT

On-campus fall headcount enrollment in Minnesota post-secondary education increased slightly in 1982 and 1983 and totaled 220,401 in fall 1983.[1] From fall 1981 to 1983, total enrollment increased by 3.5 percent, or 7,506 students.

Public system enrollment increases continued to exceed those of private institutions. Between 1981 and 1983 public enrollments grew 3.8 percent, or 6,505 students—from 170,707 to 177,212. Private institution enrollments, excluding private vocational schools, increased 2.4 percent, or 1,001 students—from 42,188 to 43,189. Fall 1983 enrollments in the public sector accounted for slightly more than 80 percent of total on-campus headcount enrollment.

In the 15-year period from 1969 to 1983, total headcount enrollments increased 48 percent, or 71,659 students. They grew by 33 percent, or 54,835 students, from 1974 to 1983, and by 13.3 percent, or 25,937 students, from 1979 to 1983.

Between 1969 and 1983, fall headcount enrollments increased by more than 58,000 in the public systems and by about 13,600 in private institutions.

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[1] Total fall headcount enrollment represents the enrollment for on-campus students enrolled for credit as of the 10th day of classes in the fall term. Extension students are not included. The total includes both full-time and part-time students.

FULL-TIME AND PART-TIME ENROLLMENTS

The percentage of students enrolled part-time increased in fall 1982 and 1983. In fall 1983, part-time students made up 22.6 percent of total headcount enrollments.

Part-time enrollment increased substantially between 1969 to 1983. A review of the 15 years shows that part-time students accounted for 8.8 percent of total headcount in 1969. 13.7 percent in 1974, 18.3 percent in 1979, and 22.6 percent in 1983. The proportion of part-time students is increasing again after a stable period in fall 1980 and 1981.

The distribution of full and part-time enrollments varies significantly by post-secondary systems and geographical location. Institutions located in the Twin Cities area enroll a larger percentage of part-time students while out-state institutions enroll more full-time students. Also, public institutions enroll a larger percentage of part-time students than private institutions. These variations are shown in the Board's annual fall enrollment survey publications, and highlighted in Table 1.3.

Almost half the total headcount enrollment in the Community College System is part-time. Part-time students make up about 21 percent of the State University System's enrollment, 17 percent of the University of Minnesota's enrollment, 15 percent of the private four-year college enrollment, and 40 percent of the private professional school enrollment.

The growth in part-time enrollments has implications for state post-secondary policies. Financial aid policy for part-time students is discussed in Chapter II.B.4.c.

ENROLLMENT BY SEX

Participation in post-secondary education by women continued to increase in fall 1982 and fall 1983. Enrollment of women increased from 44.3 percent of total headcount enrollments in fall 1973 to 51.2 percent in fall 1983, as shown in Table 1.4. Women have accounted for more than 50 percent of total headcount enrollments since 1979.

The number of females enrolled increased from 66,006 in fall 1973 to 93.768 in fall 1983, or almost 42 percent. During the same period, male enrollment grew by about 8 percent, from 82,838 to 89,488.

AGE DISTRIBUTION OF UNDERGRADUATE COLLEGIATE STUDENTS

The proportion of older students enrolling Minnesota post-secondary education has increased significantly in the past decade. In 1974, 27.9 percent of the enrollment collegiate students were 22 years of age or older whereas in fall 1983, 40.4 percent of the undergraduate students were 22 or older, as shown in Table 1.5.

Students 30 years of age or older accounted for 7.0 percent of total enrollments in 1974. By 1983, students 30 and older represented 12.1 percent of the undergraduate collegiate enrollment.

MINORITY ENROLLMENTS

The total number of minority students in Minnesota post-secondary education increased from 5,059 in 1974 to 9,136 in 1982, an increase of 80.6 percent. During the same period minorities as a percentage of total enrollments increased from 3.2 percent in 1974 to 3.7 percent in 1982.

Between 1980 and 1982, minority enrollments increased by 1,121, or 14 percent—from 8,015 to 9,136.

In the public sector, the largest increases in minority enrollments occurred in the AVTIs and community colleges. Minority enrollments in the AVTIs grew from 472 in 1974 to 2,780 in 1982, a gain of 2,308, or 489 percent. Minority enrollments in the community colleges increased from 511 in 1974 to 960 in 1982, an increase of 88 percent.

In the University of Minnesota system, minority enrollments increased from 2,683 in 1974 to 3,387 in 1980, but fell to 3,377 in 1982.

Minority enrollments in the State University System rose from 538 in 1974 to 815 in 1982, an increase of 51 percent.

TABLE I.3—FULL-TIME, PART-TIME [2] AND TOTAL FALL HEADCOUNT ENROLLMENT BY SYSTEM 1969, 1976 AND 1983

System	1969					1976					1983				
	Full-time		Part-time		Total number	Full-time		Part-time		Total number	Full-time		Part-time		Total number
	Number	Percent	Number	Percent		Number	Percent	Number	Percent		Number	Percent	Number	Percent	
AVTI [1]	13,435	100.0	0	0.0	13,435	27,745	100.0	0	0.0	27,745	21,912	95.9	935	4.1	22,847
Community college	14,291	81.5	3,254	18.5	17,545	16,485	60.5	10,768	39.5	27,253	19,290	50.3	19,091	49.7	38,381
State university	33,331	88.2	4,450	11.8	37,781	31,296	85.6	5,277	14.4	36,573	34,571	79.2	9,080	20.8	43,651
University of Minnesota	46,533	92.3	3,882	7.7	50,415	47,679	84.9	8,459	15.1	56,138	47,734	82.6	10,058	17.4	57,792
Private two-year	1,000	87.8	139	12.2	1,139	1,392	86.7	213	13.3	1,605	1,185	68.3	549	31.7	1,734
Private four-year	25,882	95.4	1,261	4.6	27,143	30,566	91.8	2,714	8.2	33,280	32,734	85.4	5,616	14.6	38,350
Private professional	1,191	92.8	93	7.2	1,284	2,624	90.2	286	9.8	2,910	1,877	60.5	1,228	39.5	3,105
Total	135,663	91.2	13,079	8.8	148,742	157,787	85.1	27,717	14.9	185,504	159,303	77.4	46,557	22.6	205,860

[1] Unitl fall 1978, all AVTI students were considered full time.
[2] Does not include 14,541 students who could not be classified as full or part time.

Source: Minnesota Higher Education Coordinating Board enrollment survey.

TABLE I.4—ON-CAMPUS UNDERGRADUATE HEADCOUNT ENROLLMENT BY SEX, ALL SYSTEMS, 1973–1983 [1]

Fall	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
1973	82,838	55.7	66,006	44.3	148,844	100.0
1974	82,152	54.9	67,360	45.1	149,512	100.0
1975	87,929	54.5	73,404	45.5	161,333	100.0
1976	88,166	53.0	78,306	47.0	166,472	100.0
1977	88,634	50.8	83,952	49.2	170,586	100.0
1978	85,659	50.2	84,832	49.8	170,491	100.0
1979	86,047	49.3	88,623	50.7	174,670	100.0
1980	92,070	49.2	95,095	50.8	187,165	100.0
1981	94,673	49.0	98,419	51.0	193,092	100.0
1982	95,877	49.5	97,653	50.5	193,530	100.0
1983	89,488	48.8	93,768	51.2	183,256	100.0

[1] Does not include private vocational students. Does not include students whose sex is not classified. This accounts for the decrease in total enrollments shown between 1982 and 1983.

Source: Minnesota Higher Education Coordinating Board.

TABLE I.5—AGE DISTRIBUTION OF ON-CAMPUS COLLEGIATE UNDERGRADUATE STUDENTS, ALL SYSTEMS 1974–1983 [1]

Age	1974		1975		1976		1977		1978		1979		1980		1981		1982		1983	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
17 and under....	2,854	2.4	3,183	2.4	2,068	1.6	3,189	2.3	2,200	1.5	2,364	1.6	1,707	1.1	2,606	1.7	1,275	0.8	538	0.3
18....................	22,600	19.2	24,611	18.9	[2] 24,897	19.2	24,914	18.2	24,436	17.1	25,135	17.2	24,794	16.6	25,322	16.4	23,917	15.4	18,678	12.0
19....................	22,465	19.0	22,788	17.5	23,872	18.4	24,565	17.9	26,381	18.5	26,687	18.2	27,177	18.1	27,523	17.8	27,265	17.6	27,453	17.6
20....................	20,155	17.1	19,799	15.2	19,845	15.3	21,215	15.5	21,683	15.2	22,674	15.5	23,302	15.6	23,855	15.5	23,963	15.4	24,441	15.7
21....................	17,034	14.4	17,110	13.1	17,038	13.2	17,470	12.7	18,901	13.2	19,034	13.0	20,207	13.5	20,407	13.2	21,578	13.9	21,959	14.1
22–24..............	15,449	13.1	20,296	15.5	20,139	15.6	20,949	15.3	22,147	15.5	22,549	15.4	23,669	15.8	24,341	15.8	25,563	16.5	28,592	18.6
25–29..............	9,179	7.8	12,179	9.3	11,680	9.0	12,724	9.3	13,467	9.4	13,451	9.2	13,635	9.1	14,269	9.2	14,478	9.3	15,153	9.7
30–34..............	3,298	2.8	4,328	3.3	4,266	3.3	5,176	3.8	5,958	4.2	6,197	4.2	6,680	4.5	7,089	4.6	7,450	4.8	8,157	5.2
35 and over......	4,901	4.2	6,228	4.8	5,624	4.3	6,989	5.1	7,801	5.5	8,272	5.7	8,630	5.8	8,889	5.8	9,777	6.3	10,731	6.9
Total....	117,935		130,522		129,429		137,191		142,974		146,363		149,801		154,301		155,266		155,702	

[1] Does not include those students classified as age unknown.

[2] For community colleges it includes 18 and under.

Source: Minnesota Higher Education Coordinating Board.

FEDERAL FINANCIAL AID CAP

We at MSUSA believe that putting a cap on the amount of financial aid that can be awarded to a student from the federal government is a possible way to cut the budget. We believe that this is the area which will seriously affect the least number of students. We believe that students have a right to an education but it is questionable whether the federal government can afford to extend this right to public and high cost private institutions. Ideally students should have the ability for a broad choice but with limited resources it is MOST important that accessibility is guaranteed.

MSUSA would endorse a cap of no less than $5000 for any student in one year.

FEDERAL FINANCIAL AID INFORMATION

We believe that the federal government should enter into an agreement with the state financial aid agencies to insure that adequate and high quality information is available to students across the country. This information is best received in a cohesive financial aid package that outlines both federal and state programs. Education is a goal that benefits the American society and we must make sure that financial aid information is available to all students wishing to further their education.

We urge Congress to look into a comprehensive plan for better information.

CONCLUSION

In conclusion we would like to urge you as representatives of the citizens, to proceed with caution on the proposed cuts. We would like to express special concern about the way the cuts would affect some students drastically. An example is someone under 22 who has been independent for three years but will no longer be able to claim independence. This student would be forced to rely on loans but if an income cap is placed on GSLs that student may not be able to take out a loan. We urge you to consider the way these cuts will affect students in ALL ways.

We are pleased that we were able to supply you with our views on this vital piece of legislation. If you have any questions or would like further comment on any programs we have not touched on here please feel free to call at 612/244-1518. Our address is 555 Wabasha Suite 108 St. Paul, MN 55102. Thank you for your time and consideration.

Mr. FORD. Thank you.

Karen McMahon.

STATEMENT OF KAREN McMAHON, CHAIR, NEW YORK PUBLIC INTEREST RESEARCH

Ms. MCMAHON. Good afternoon and thank you for the opportunity to testify before the subcommittee. My name is Karen McMahon and I am the chairperson of the New York Public Interest Research Group, NYPIRG. NYPIRG is a statewide student directed student advocacy organization. Our primary areas of interest are higher education, Government accountability, fiscal responsibility, environmental protection, consumer protection, and political reform. NYPIRG has 120,000 student members in CUNY, SUNY, and the private sector.

I am here today to speak to you about the impact of the current proposed financial aid cuts on students across New York State and the importance of maintaining all financial aid programs when deciding on the Higher Education Reauthorization Act.

The financial aid cuts originally proposed by President Reagan are unconscionable and would have denied approximately 1 million students nationwide the right to an affordable education. It would have cost New York State over one-half billion dollars.

The second compromise proposal put forth by the President is hardly an improvement upon his first proposal. The compromise proposal would have a devastating effect on students in all sectors of education. It will also result in public and private institutions fighting over financial aid moneys thereby antagonizing their relations.

There are three major points I would like to discuss regarding the compromise proposal; the $8,000 cost count, the $60,000 income tax for GSL loans, and the requirement of the needs test for families with an income below $30,000. The $8,000 cost cap will have a severe impact on New York State students. The projected average independent college undergraduate budget for a New York State student is $11,600. Costs for private schools, out-of-State are even higher and for out-of-State public institutions are probably comparable. An $8,000 cap is insufficient if students are to be given the opportunity to afford such institutions.

This proposal will drastically limit the Federal financial aid currently being allocated to New York State college students enrolled in private institutions; 44 percent of out-of-State college population. It will segregate students according to income status since it will be the lower and middle income students who will be denied the opportunity to attend a private or out-of-State college. It will force a negative divisive relationship between public and private institutions because they will have to compete for financial aid moneys and it will substantially decrease enrollment in private institutions. The proposal limits the decisionmaking options of many students. It will affect lower and middle income students as well as single parents and graduate students.

The $60,000 cap on guaranteed student loans will deal yet another devastating blow to New York State students. It will eliminate 10,600 New Yorkers from the GSL Program and reduce the State's loan volume by $27.7 million. This program will also hit private schools the hardest, causing a loss of $12.6 million. The proposal does not also take into consideration the added economic burden of multiple family members enrolled in college.

Finally, the required needs test for families with incomes below $30,000 will have a severe impact on public institutions. SUNY and CUNY will suffer a loss of approximately 26,700 of the current guaranteed student loans, 45 percent of the overall loss. On the whole, it will be a loss of 59,400 loans to New York State students.

As a student at Stony Brook University, I will also feel the impact of such cuts. I am a junior in college and in my last 3 years, I have had to get three guaranteed student loans through the GSL Program. I live on my own and need assistance from Pell, GSL, TAP, and some other programs to attend college. I plan on going to law school when I finish my undergraduate studies, and needless to say I am concerned both about the financial cut, aid cuts being proposed and also the fate of the Higher Education Act when it is reauthorized. And this brings me to my second area of concern, the Higher Education Reauthorization Act. Given the cuts proposed by the President, the comments put forth by the Secretary of Education regarding how students spend their financial aid money and the compromise proposal that is currently being considered by Congress, students have a real concern about the passage of a Reauthorization Act that will allow us the opportunity to an affordable education.

As of last year, there were a total of 940,854 Federal financial aid recipients in New York State, contrasting that against the approximately 1 million New York State students attending college, many of them do receive some type of financial aid.

Each of these programs are extremely important to different constituencies. The proposed Federal financial aid cuts will be devastating, not only to college students across the country but also to the general public. They will negatively impact on State taxpayers, the local, State, and national economy and thereby the future welfare, economic welfare of our country. Students are the Nation's most valuable resource. Students from all corners of the country are calling upon the U.S. Congress to preserve the welfare of the country by securing Federal financial aid for college and university students.

Thank you.

[Prepared statement of Karen McMahon follows:]

PREPARED STATEMENT OF KAREN MCMAHON, CHAIRPERSON, NEW YORK PUBLIC INTEREST RESEARCH GROUP, INC. (NYPIRG)

Good afternoon. My name is Karen McMahon. I am the Chairperson of the Board of Directors of the New York Public Interest Research Group, Inc. (NYPIRG). NYPIRG is a statewide, student-directed, student advocacy organization. NYPIRG's primary areas of interest are government accountability, fiscal responsibility, environmental protection, higher education, consumer protection and political reform. NYPIRG has 120,000 student members in CUNY, SUNY and the private sector. I am here today to speak to you about impact of the current proposed financial aid cuts on students across New York State and the importance of maintaining all financial aid programs when deciding on the Higher Education Reauthorization Act.

The financial aid cuts proposed by President Reagan are unconscionable and would have denied approximately 1,000,000 students nationwide the right to an affordable education. It would have costed New York State over one-half a billion dollars. The second "compromise" proposal put forth by the President is hardly an improvement on his first proposal. The compromise proposal will have a devastating effect on students in all sectors of education. It will also result in public and private institutions fighting over financial aid monies, thereby antagonizing their relations.

There are three major points I would like to discuss regarding the compromise proposal; the $8,000 cost cap, the 60,000 income cap for GSL loans, and the requirement of a needs test for families with an income below 30,000.

The $8,000 cost cap will have a severe impact on New York State students. The projeted average independent college undergraduate budget for a New York State student is $11,600. Costs for private schools out of state are even higher and for out of state public institutions are comparable. An $8,000 cap is insufficient if students are to be given the opportunity to afford such institutions.

This proposal will drastically limit the federal financial aid currently being allocated to New York State college students enrolled in private institutions—44% of our State's college population. It will segregate students according to income status since it will be the lower- and middle-income students who will be denied the opportunity to attend a private or out of state college. It will foster a negative, divisive relationship between public and private institutions because they will have to be competing for financial aid monies. It will substantially decrease enrollment in private institutions. The proposal limits the decision making options of many students. It will affect lower- and middle-income students as well as single parents and graduate students (graduates will lose $12.4 million in aid).

The $60,000 cap on Guaranteed Student Loans (GSL) will deal yet another devastating blow to New York State students. It will eliminate 10,600 New Yorkers from the GSL program and reduce the state's loans volume by $27.7 million. This program will also hit private schools the hardest, causing a loss of $12.6 million. The proposals does not take into consideration the added economic burden of multiple family members enrolled in college.

Finally, the required needs test for families with incomes below $30,000 is going to have a severe impact on the public institutions. SUNY and CUNY will suffer a loss of approximately 26,700 of the current loans (45% of the overall loss). On the whole it will be a loss of 59,400 loans to New York State students.

As a student at Stony Brook University, I will also feel the impact of such cuts. I am in my junior year and have already had to take out $7,500 worth of loans through the GSL program. I live on my own and need the assistance of the Pell and GSL programs to attend college. I plan on attending law school after I complete my undergraduate studies and, needless to say, I am extremely concerned about the future of these financial aid programs.

This brings me to my second area of concern, the Higher Education Reauthorization Act. Given the cuts proposed by the President, the comments put forth by the Secretary of Education regarding how students spend their financial aid, and the compromise proposal that is currently being considered by Congress, students have a real concern about the passage of a reauthorization act that will allow us the opportunity to an affordable education.

As of last year there were a total of 940,854 federal financial aid recipients in New York State. Contrasting that against the approximately 1,000,000 New York State students attending college, many of them receiving some form of financial aid. There are approximately 394,969 students who receive Guaranteed Student Loans; 28,214 students receive funds from the PLUS and ALAS program; 332,693 students depend on Pell grants; 60,693 students receive aid through NDSL; 42,915 students receive funds from SEOG; 70,092 students held subsidize their college costs with CWS; and 11,278 students receive money from SSIG. Each of these programs is extremely important to different student constituencies.

The proposed federal financial aid cuts will be devastating not only to college students across the country, but also to the general public. It will negatively impact on the state tax payers; the local, state and national economy and thereby the future economic welfare of our country. Students are the nation's most valuable resource. Students from all corners of the country call upon the United States Congress to preserve the welfare of the country by securing federal financial aid for college and university students.

[Additional prepared statements follow:]

PREPARED STATEMENT OF THE BROOKLYN COLLEGE CHAPTER OF NYPIRG

It has been the mission of CUNY that no New York resident would want for a college education, regardless of income. Brooklyn College has been noted for its fine curriculum and graduates. Brooklyn College is also noted as a school that adheres to the mission of CUNY. About 70 percent of Brooklyn College students receive some form of financial aid. Of the estimated 11,200 students who receive financial aid, 9 percent (1,000 students) will be cut from the Pell grant program if the President's proposed budget goes through. 33 percent of the students who receive Guaranteed Student Loans at Brooklyn College will no longer be eligible. On the whole, 12 percent of Brooklyn College students (1,394 people) who receive financial aid would be cut from the rolls altogether. These are a few people who will be directly affected by the proposed financial aid cuts.

My name is Dany Cunningham and I am currently a junior at Brooklyn College. I depend heavily on financial aid to help me get through school. I need financial assistance because I have to work to support myself, but I do not have enough money after living expenses to pay tuition. As a result of this I have had to work through several semesters without taking classes. At this rate it will take almost ten years for me to earn my bachelors degree. If the President's proposals are passed intact, many of my friends and I may give up school all together. I ask you to think before you vote.

My name is Michele Smith and I am a lower sophomore at Brooklyn College. For the two years that I have been attending college, I have been receiving financial aid. My status is independent. If President Reagan's proposed budget goes through I will not be able claim independence even though I have been supporting myself since my senior year in high school. I speak for many students at B.C. who, like my-self, are working their way through college. The monumental cuts in financial aid will hurt, and in some cases slay, the chances of many students to ever receive a degree of any kind. As for myself the answer would be to work full-time all the time and perhaps attend one or two classes in the evening. By taking away financial aid from these Brooklyn College students, this budget is taking away the last hope of these students to get a college education.

My name is Grace Iervasi and I am a junior at Brooklyn College. The proposed student aid cuts, which the committee will vote on, will determine my future. I have received student aid for the past two years. However, this year my student aid was decreased. Many students at Brooklyn College depend on their financial aid to further their education. I urge you not to vote in favor of these financial aid cuts. Cutting back on education is like cutting the country's throat.

As students active with the New York Public Interest Research Group (NYPIRG), we oppose the presidents cuts in financial aid, and as Brooklyn College students we oppose the proposed budget because it is not in the best interest of the students who will be affected, either directly or indirectly. Before you cast your votes please remember the part of your constituency who will be hurt the most.

Prepared Statement of John Cochran, Student at the State University of New York at Binghamton

Hello. My name is John Cochran. I am a representative of the New York Public Interest Research Group, Inc. (NYPIRG). NYPIRG is a statewide, student-directed citizen research, education and advocacy organization. NYPIRG's primary areas of interest are government accountibility, fiscal responsibility, environmental and consumer protection, and political reform. I am here today to speak about the future of our federal financial aid program and the Higher Education Act.

As a student from SUNY-Binghamton, I am very concerned about the financial aid cuts being proposed by President Reagan and the United States Senate. President Reagan's proposed cuts would have a severe impact on many of the 9,000 federal financial aid recipients at SUNY/Binghamton. Under Reagan's proposal, approximately 2,500 students could lose the right to obtain a Guaranteed Student Loan (GSL); 7% of those currently receiving Pell Grants would not longer be eligible; and many students would no longer be able to work their way through college with the assistance of College Work Study (CWS).

While the current compromise bill appears to be a less drastic slashing of student financial aid, it would actually have a more devastating effect on some students who desperately need financial assistance and deny many others the right to an affordable education. The required needs test for students from families earning less than $30,000 would reduce or eliminate many loans (our Director of Financial Aid is not sure yet of the exact number). The $8,000 cost cap would further reduce aid to many students attending private institutions.

The overall impact of the compromise bill would mean a significant loss of money of SUNY-Binghamton. The proposals would deny many lower-income students the right to attend a private college and would, in effect, develop an unhealthy competition for funds between the public and private sector.

As a senior at SUNY-Binghamton, I also would be personnally affected by such cuts. I currently receive $2,000 a year in financial aid. If the Senate compromise were to be adopted, it would mean a significant loss for me. I receive much of my aid from College Work Study and other programs slated for reduction.

Furthermore, the reauthorization of the Higher Education Act is of immense importance to me and my fellow students. Currently, about 9,000 students here receive at least one form of aid from the federal government. A breakdown of the financial aid recipients is as follows: about 2,500 receive Pell; 5,000 GSL; 550–600 CWS; 350 Supplemental Education Opportunity Grants (SEOG); and 1,100 National Direct Student Loans (NDSL). The continuation of these programs is of the utmost importance to the students here at SUNY-Binghamton.

It is especially important that Pell, GSL, NDSL, and CWS are continued with adequate funding. The State Student Incentive Grant is also very important, as many students rely on the Tuition Assistance Program (TAP), which is increased by the SSIG. Students at SUNY-Binghamton come from middle- and lower-income families, and cannot afford to have their aid cut. Binghamton is well-known as one of the best SUNY schools; in order to ensure the continuation of high quality education that is accessible and affordable to all, we must continue to receive adequate federal aid.

The Reagan Administration has recognized our country's need for a strong defense. Education is our best defense against America's worst enemies: poverty, ignorance, and apathy. I call upon the members of Congress to protest our country by protecting the rights to students to an affordable education, and to reauthorize, in full, the Higher Education Act. In order to make sure that education is possible for all citizens, the Pell, GSL, NDSL, CWS, and SEOG programs must not be cut.

Mr. Ford. Thank you very much. Mary Theresa Boyle, a student at Georgetown University.

STATEMENT OF MARY THERESA BOYLE, STUDENT, GEORGETOWN UNIVERSITY

Ms. BOYLE. Thank you for this opportunity. I am a senior at Georgetown University in Washington and will be graduating next week with a degree in English literature.

As I reflect upon the past 4 years, I am filled with a deep sense of gratitude for having had the opportunity to attend Georgetown and I hope that others like me will be fortunate enough to be given the choices that were available to me 4 years ago for I would not have had the privilege of attending Georgetown had it not been for the assistance I received from the Federal Government.

My choice to attend a private university was not made lightly as I had to be prepared to fully accept the struggle and hardship that was involved. I am the fifth of six children, all of whom have completed at least their undergraduate degrees in private universities. The financial burden of our schooling would have taken its toll on virtually any family. It was particularly difficult though for my family since my mother has been our sole provider for the last 15 years since my father's death.

While the sacrifices are many, they pale in comparison to the future investment we are making. Just as I have made an investment in my future, the Government makes an investment in our Nation's future by ensuring that its young people receive the best possible education through facilitating wider choice in the selection of the university. The Government does not offer a free ride through these programs and it has not been my experience that students are trying to get something for nothing when they borrow money or participate in work study. Rather, they are seeking an opportunity to achieve.

Many students hold one and in some cases two jobs to help finance their education and keep up with the high costs of living. They would not willingly accept these burdens if they were not serious and dedicated students who intended to fulfill their responsibility to repay the Government.

Throughout my 4 years at Georgetown, I have worked at least 20 hours per week and during this past semester have worked full time. Later this month, I will be graduating with honors for my academic achievement. For me, attending college has been a serious undertaking and not merely a time for play. What is more, I am not alone. Given the cost of obtaining a college education today, the vast majority of students simply cannot afford to waste their time while in school.

Georgetown's tuition alone is $8,500 per year, coupled with the cost of books, living and traveling expenses, the burden becomes almost unbearable. To meet the cost of one year at Georgetown, for example, I had to borrow the maximum GSL amount of $2,500. I also receive $2,400 in Pell and SEOG awards as well as an additional $2,400 in the form of a university scholarship, and that remaining cost with substantial financial and moral support, my mother and by working as many hours as possible.

Mr. Chairman, the crux of the issue is choice through loans, Pell grant awards and work study, I was given the privilege of choosing a university that suited my personal and career goals and not just the size of my pocketbook.

There are certainly many fine public institutions which provide the stimulating academic environment. However, the choice of a school is a very individual one and should not be dictated primarily by economic concern. University's academic program, its location and size are all significant factors which should be taken into account.

I have dedicated many long and often trying hours to my academic pursuits and am eternally grateful that my dreams have been realized. I have now completed my 4 years at Georgetown, I believe more than ever that these Government programs are viable ways of sustaining educational excellence for all those who aspire to achieve. I must stress that students are fully cognizant of the fact that this is a two-way street. They realize that there is no room for abuse and lack of academic commitment since their futures are at stake.

The proposed cuts to the Higher Education Program would seriously diminish opportunities for countless numbers of students whose choices would be narrowed by economic restraint. America is supposed to be the land of opportunity. Is this simply rhetoric which sounds appealing but is not backed by substance? The cost of attending a private university is skyrocketing without a commensurate rise in student assistance. It is possible that these institutions will become places exclusively for those from upper income families, causing a sharp line between the haves and the have-nots in our schools. Not only will there be societal implications, but the educational quality at our private schools will be seriously hampered as the exchange of ideas will be limited largely to those who share similar viewpoints and backgrounds. It is essential that our universities remain havens for innovation and growth. Limiting participation to those of the same socioeconomic background is in direct opposition to the very idea of the university.

Sacrifices need to be made and feasible alternatives should surely be explored. Private universities, for example should be encouraged to investigate ways to bringing our soaring costs under control. Furthermore, lines of communication between schools and banks which administer student loans should be clearly established. This will enable the collection of loans to be implemented more smoothly. The population of recent graduates is a fluid one and an improved communication system will aid the banks in locating students in order to begin repayment procedures.

Mr. Chairman, my youngest brother is scheduled to begin attending NYU in the fall. He is counting on having the same opportunities that his four brothers and sisters have had. I very much hope that your committee will continue to support the Student Assistance Program so that he and other young men and women will be able to realize their dreams. Thank you.

Mr. FORD. Thank you very much. Janis Rivera?

STATEMENT OF JANIS RIVERA, FORMER STUDENT, HAIR DESIGN INSTITUTE

Ms. RIVERA. Hello. My name is Janis Rivera, I live at 54 Chester Avenue, Brooklyn, NY. I am presently a licensed hair dresser and owner of a salon called Modern Touch located at 4814 Eighth Avenue in Brooklyn.

When I enrolled at the Hair Design Institute——

Mr. FORD. Excuse me, would you suspend for just a moment?

These people have spent a good deal of effort in preparation for their testimony and we want to hear what they are saying and I want all these people in the back corner of the room to either come out here in the front and sit quietly or to clear the room, right now. Go ahead.

Ms. RIVERA. When I enrolled at the Hair Design Institute, 169 Livingston Street, Brooklyn, NY, I had no salable skill. I had completed the 10th grade at Brentwood High School in Brentwood, Long Island and never worked as I got married at the age of 19. I have three children. At the time I went to school, my children were 12, 11, and 6 years of age. One of the reasons I went to school was my husband was not a steady worker and did not have any regular family income. He drove a truck on a hit and miss basis and I was very concerned about the future of my family. I spent 6½ months in beauty school in order to qualify for my New York State license.

During the time I was in school, not only did I learn my hairdressing skills, but the school gave me the inspiration to go get my GED. I did take the test and I do have my GED.

After leaving school, I was placed in a job in Bay Ridge. Though I was raising a family and dealing with the problems I had at home, I was able to save up $3,000 I needed to buy the shop I now own. Some time after I left school, my husband and I were separated and the responsibility for raising my family was solely on myself.

I do not know what I would have done if I did not have my hairdressing license. The odds are good that I would have to turn to public assistance of one sort or the other. Attending school has not only helped me personally, but it also gave me the inspiration and push to raise my family better than I was raised. I have two of my children in college right now and paying their way through. I really feel that the inspiration I made in myself, thanks to my basic educational opportunity grant offered me an opportunity to do things that otherwise would not have been possible. There is more to this than just the fact that I have a hairdressing license and now a businesswoman in my own right making it on my own. The opportunity to get an education gave me confidence and skill that has allowed me to earn a living for my family and has changed my whole life. I feel completely different personally and realize I can make it. I feel completely satisfied with myself, completely unlike the way, I was before I went to beauty school. I am very proud to say I am a taxpayer. I am a taxpaying American due to my basic educational grant.

Thank you.

[Prepared statement of Janis Rivera follows:]

PREPARED STATEMENT OF JANIS RIVERA, NEW YORK, NY

My name is Janis Rivera. I live at 54 Chester Avenue, Brooklyn, New York 11218.

I am presently a licensed hairdresser and owner of a salon called Modern Touch located at 4814 8th Avenue, Brooklyn, New York 11220, (718) 633-2641.

In 1978 when I enrolled at the Hair Design Institute, 169 Livingston Street, Brooklyn, New York 11201, I had no salable skills. I had completed the tenth grade at Brentwood High School in Brentwood, Long Island and had never worked as I got married at the age of nineteen.

I have three children. At the time I went to school, my children were 12, 11 and 6 years of age. One of the reasons I went to school was my husband was not a steady worker, and we did not have any regular family income. He drove a truck on a hit-and-miss basis, and I was very concerned about the future of my family.

I spent six and a half months in beauty school in order to qualify for my New York State License. During the time I was in school, not only did I learn hairdressing skills, but the school gave me the inspiration to go get my G.E.D. I did take the test, and I do have my G.E.D.

After leaving school, I was placed in a job in Bay Ridge. Though I was raising a family, and dealing with the problems I had at home, I was able to save up the three thousand dollars I needed to buy the shop I now own. Sometime after I left school, my husband and I were separated, and the responsibility for raising my family fell completely on my shoulders.

I do not know what I would have done if I did not have my hairdressers license. The odds are good that I would have had to turn to public assistance in one form or another.

Attending school has not only helped me personally, but it also gave me the inspiration and push to raise my family better than I was raised. I have two of my children in college right now, and am paying their way through. I really feel that the investment that I made in myself (thanks to my Basic Educational Opportunity Grant) afforded me an opportunity to do things that otherwise would not have been possible.

There is more to this than just the fact that I have a hairdressers license, and am now a businesswoman in my own right making it on my own. The opportunity to get an education gave me confidence and a skill that has allowed me to earn a living for my family and has changed my whole life. I feel competely different personally and realise that I can make it.

I feel completely satisfied within myself, completely unlike the way I felt before going to beauty school.

Mr. FORD. Thank you very much. Thank you very much. Those were all very thoughtful, well presented statements. I wish that you could put five university presidents here and get as much out of them in the same period of time. I say that because I wish also that I had been born rich and I wish also that I was a foot taller and all those things, I know are impossible.

Mary, how many children did you say were in your family?

Ms. BOYLE. Six.

Mr. FORD. And your father has been dead 15 years?

Ms. BOYLE. Yes, sir.

Mr. FORD. You would have been eligible, would you not, for Social Security payments?

Ms. BOYLE. Yes, I receive Social Security.

Mr. FORD. You did?

Ms. BOYLE. Yes.

Mr. FORD. Your brother will not?

Ms. BOYLE. No.

Mr. FORD. It is little noticed because the people who were in college and receiving Social Security as an orphan, if you will, the dependent of a deceased Social Security payer were kept in the program until they finished, but no new ones have been let in now for 3 or 4 years.

Ms. BOYLE. I was the last year that they could get me.

Mr. **Ford**. That was one of the wonderful things in the 1981 budget that saved a lot of money. What do you think will be done to make up that difference for the family income in the case of your brother?

Ms. **Boyle**. Excuse me, I did not hear what you said?

Mr. **Ford**. Well, your attending college did not take from your mother?

Ms. **Boyle**. Right.

Mr. **Ford**. The contribution that was being made to support the family?

Ms. **Boyle**. Yes.

Mr. **Ford**. But your brother has to face the fact that when he goes to school, instead of working and contributing, he will be reducing.

Ms. **Boyle**. The more hours worked, a greater difference to the savings and you have to make sacrifices which my mother has been prepared to do for all of us, so I think she is fully prepared to do whatever is necessary if that means more hours or, you know, no VCR or something I believe she is prepared to do whatever that takes and so is he to work and pay the bill.

Mr. **Ford**. Karen, where are you going to law school?

Ms. **McMahon**. I am thinking about the CUNY Queens Law School.

Mr. **Ford**. Well, you are not going to have any trouble at all. It worries me to see brilliant young women like you coming along going to law school because sooner or later I have to give this up and go back to try to make an honest living practicing law and it scares me to see all the bright young people coming behind me, but particularly so many bright young women coming into it. I have a daughter-in-law who is a lawyer and I raised the hackles with her by pointing out that I went to law school at a respectable time when we only had three women in the entire entering class, and we felt much safer because it was much less competitive.

Do you gentlemen have any questions to ask?

Mr. **Owens**. The remarks about the Work Study Program have raised some questions in my mind the justice of it. It is considered a way to pay part of the cost and yet the Work Study Program wages have remained the same for all these years. The $3.35 minimum wage per hour is quite low and the average student, I think, works between 10 and 12 hours. You are talking about less than $50 a week that a student would have contributed toward the total cost, and I would like to hear some proposals from students about how to correct that in a way which also would fly with Members of Congress and the administration. The importance of working is a very important part of the package and I do not want to diminish that, but there ought to be some way to deal with the fact that, in this day and age, some of the jobs that students do in the universities pay less than if they had to pay for people from the outside to do them. Certain of these jobs involve secretarial work, word processing, or computers. Students are used for a variety of tasks that would cost more if the college or university had to pay for outside labor, and I would like to hear some proposals about giving the college more leeway in terms of a scale where people are paid at different rates. Just what would you propose in a creative way to deal with that and bear in mind that you do not want to greatly diminish the number of students able to participate. I do not have any answers, but I would like for you to address that, if you have immediate comment?

Ms. **Burski**. Mr. Chairman, Congressman Owens; you kind of hit the nail on the head in that I would endorse giving the campuses and the States more leeway or maybe incentives to make the scale pay a little more equitable. Currently, on my campus, you get $3.35 an hour whether you are a lifeguard, well let me, we get $3.50 if we are a lifeguard; $3.35 for almost everything else on campus and it seems to me that our costs have, my costs have doubled in just 4 years of college and another thing in our recommendations that we adopted as a joint statement, is that currently in the statute there is a provision that schools can apply for a waiver thus allowing them to pay subminimum wage to some of their student employees and that should be totally eliminated. This is very detrimental to students on campuses, any kind of subminimum wage.

Mr. **Ford**. Will the gentlemen yield to me, let me see if we can get a perspective here; first, until 1980, there was no requirement in this law that the minimum wage be paid. The reason it came to our attention was that we, on our committee, had attempted to extend minimum wage coverage to public employees. The National League of Cities went to Court in the famous or infamous case of the *National League of Cities* v. *Usery* who was Mr. Nixon's Secretary of Labor; and the Court found that we did not at the Federal level have the authority to intervene in such matters as setting wages between a sovereign state and its servant, or the subdivisions of a sovereign state. So, the anomaly we found was that a private independent institution's employees were covered by the Federal minimum wage law, but a public institution's employees were not covered by minimum wage law. So, we said we will make it fair, we will cover all students in work study with the minimum wage. Now, the way we wrote that into the law it is whatever the minimum wage is. If indeed the administration is serious about a subminimum wage for students in reauthorization we will have to consider writing a specific minimum wage provision for students in work study and when we did that our lawyers were of the opinion that we could beat the Supreme Court decision and Usery because we provide 80 cents of every dollar of the money that is being spent and we were not interfering with how the State spent its money, we just said we are not going to give you the money to pay somebody less, so there is no restraint on a school paying more than the minimum wage. The restraint that came in was a floor and said you are not going to use Federal money to depress wages for the kind of jobs that these students would be taking on your campus.

In part, the other employees on the campus were concerned that we did not supplant those jobs with the 80 percent government-supported jobs and some schools looked at this and said, well, gee, this is fine, you know, we get rid of a whole lot of these groundskeepers and people who help us keep up the stadium and paint and so on, we will just reduce our maintenance force and we will make it up by using these work study kids. Well, that works out fine unless the people running the program lose sight of what it was they started to do. They start thinking of it as a way to supplement their budget. But what we wanted to do was supplement the budget of the student, so it can be worked out. It is important to remember that there was nobody talking seriously in 1980 of the subminimum wages so we did not even think of that as a threat. We would have that very much in consideration during reauthorization and as the Congressman suggested your ideas about how a minimum wage law or provision of a law governing the Work Study Program should work would be helpful to us.

Ms. Burski. Just a kind of off the cuff suggestion; in our State, a couple of our legislators are interested in the work study situation in that it is viewed as a good investment to put people to work to help them through school and I have been on the Work Study Program for 4 years. Some of the suggestions being looked at there, I do not know a whole lot about them, but one of them is providing when you allocate your work study funds, providing a certain amount of that for increased pay for the student employees. Another suggestion was to go almost into the private sector and I believe there is a Federal jobs program now for certain groups of young people and who are deemed economically disadvantaged where the Federal Government provided the private business with a tax writeoff for half of the employees and there is that possibility of extending the Work Study Program.

Just currently on my campus, there is more students than we can possibly employ and you know, that is just a suggestion that I know that is just in the very early stages in my State.

Mr. Ford. Something else you have to bear in mind is that when we were putting the mix together in 1965 and what would be helpful if you go back and read the message that President Johnson said to us, you will find for example that the entire discussion in that long and beautiful message about guaranteed student loans is a little short paragraph that says, "We have to do something for the children who are from families that have an income that makes them ineligible for the grant program, and therefore we should have a loan program for them."

Now, in 1965 we thought that middle-class children were going to be borrowing money from guaranteed student loans. Now, because of the reduced value of Pell against the total costs of education, we find that the lowest income children are coming out of school with these guaranteed student loan debts. We never really intended them to be borrowing money at that rate of interest. The direct student loans were preserved for the low income students and until 1980, they were still three per cent loans.

Mr. Perkins, God rest his soul, left the conference in anger when I agreed with the Senate who asked to take it up to seven; to compromise at 4 percent because he thought that was a sellout of the commitment to low income people, so there has been a lot of blood on holding that down, but it was thought that that would provide adequate loans to fill in the gap for those who got a full Pell grant, for example, and the supplemental educational grant.

Now, as costs have gone up and the relative values of these things have come down, it has switched. When you look at work study, you will also find that it was not contemplated that the Pell grant recipient were to have a work study job. This was going to be for the extra little bit that the middle class student needed and we thought that it would be basically the children that you would find at the upper end of the eligibility scale on Pell and beyond and would be occupying the work study job. That is why it started out as when compared to Pell grants, a very small item in the budget, but it was a way to give a kind of an equity to say we are going to give a little help to these types of students.

Circumstances have now got the middle class student and the poor student competing for those programs against each other and there just is not enough to go around, there never has been. One of the reasons the administration proposed in each of the last three budgets, an increase in work study, is that particularly in the South the institutions like work studies. They look at that as an institutional subsidy. The community colleges in many places think that we ought to get rid of everything else and just have work study because you are subsidizing their payroll for various functions and that seems more valuable than spending money when you look at a community college and realize that tuition is so low. The amount that the college gets out of the supplement for a Work Study Program is far more than it gets out of the tuition from a full time student. So, the Work Study Program to a community college that is thinking in those terms is the most valuable program from their perspective of all of them because the BEOG is limited to 50 percent of cost, and if it is a $250-a-year tuition bill, that is a $125 grant. But a Work Study Program will produce in 80-cent dollars or 20-cent dollars to the school; a lot more than that from the same student. And you have to watch the generosity that comes from the administration on this. I always sort of wondered what are they really up to when they want to give us something and in this case, I do not see it as being motivated by the right concerns even though everybody on this committee would agree that we want to support work study, we would also agree with the young man earlier who said he does not want to see money taken out of Pell grants and the supplemental grants that are targeted at low income.

Mr. Dymally?

Mr. DYMALLY. Thank you very much, Mr. Chairman. First, I want to commend the students and, of course, Ms. Rivera, she is no longer a student, she is probably employing students now, for their very impressive testimony.

I just have a philosophical question you can play around with it. It has been reported that there is a conservative trend sweeping the campuses of America today. Do you think that that conservative trend gives support to the administration's cuts conjecturing that perhaps the students did share in their idealogy about America?

Ms. BURSKI. Mr. Chairman, I anticipated that question and I was going to say that the farmers voted for him too, but I know that on the campuses I represent, I am from the Midwest. The campuses that I represent, the conservative trend, I do not know that you want to, I do not believe that there is such a strong conservative trend.

Mr. FORD. You are the wrong one to answer, you are the only State that can hold its head up in this country now.

Ms. Burski. I got my button in my pocket here, no. I think that they do not agree with the budget cuts being proposes for higher education, and I think that it is sad to say but it is my honest feeling that most of the students did not know, they should have known because it happened in 1980 but they did not realize the upcoming budget that was going to be introduced by the administration. That, you know, that is the sad case which we are trying to correct and obviously it is now in the forefront of our discussion in our State.

Mr. Dymally. If they were in my public policy class, I would give them all an "F".

Mr. Ford. Ms. McMahon.

Ms. McMahon. Yes, I would have to agree to that, I do not believe that there is such a conservative trend going across the campuses across the country. I think that that is something that the media has led students to believe and when you always read about how you are apathetic and you are nonpolitical and you are self centered and you are career oriented, I think that when students come in that is what they are hearing about themselves and that plays a big role. I think that also if you look at the polls that were taken when students were asked specifically about the President's policies, they did not agree on the policies even though they were voting for him. Now that is a question we have to ask ourselves, what is going on? But I would say that.

Mr. Dymally. But that was America not just the students?

Ms. McMahon. Well that was America, yes. And so I would say that there is definitely not a whole lot of support on the campuses that we have offices on who support the cuts that President Reagan has proposed.

Mr. Benson. I would like to suggest that I think Ronald Reagan was voted into office a lot of ways by pride, I mean he brought the pride back to America and everything else, and my reaction as a student is saying that now when we look at the policies and everything else we can react by saying that the policy he is proposing for higher education surely takes away from that pride, it takes away as I stated from the American dream and when you put it into that context I think you can have reaction from the students.

Mr. Dymally. Yes. In conclusion, Mr. Chairman, I do want to commend Ms. Rivera in that my sister owns a school, so I was really sharing your experiences in that she too was a single parent, ~~raised six~~ children with a cosmetology school and still going strong with it, so I really empathize with everything you had to say. Thank you very much.

Mr. Ford. Thank you. Before we conclude, I would like to make sure that we insert in full in the record a "Call to Commitment" which is the joint statement from the National Summit Meeting of State and campus student association leaders, May 13, 1985, New York City, and make this announcement for the college, it says "This hearing will be aired in its entirety tonight from 6 to 10 on CUNY cable television. Following the hearing, a talk show will be hosted by Melvin Lowe who will interview some of the students who attended the student summit and the hearing. We will begin taping the show now, those who are interested in viewing the taping are welcome to stay."

I do not quite understand that.

Mr. PENNY. I think as soon as we adjourn, they are going to start their little talk show.

Mr. FORD. Oh, I see. They are going to tape the talk show as soon as we finish. They are not going to show you this show all over, you do not have to look at a instant rerun that quick. I hope you understand what I just announced, I am not sure that I do.

I want to thank all of you and those of you who participated and say one thing that has to be said at each of these hearings. If you wanted to testify today and could not be accommodated because of the time constraints, you are not out. The record of this hearing will stay open. If you have a statement that you want to make, a comment that you want to make, a criticism that you want to make, any comment that is provoked by what you have heard from this or the previous panels, submit it to us and we will put it in the record contemporaneous with today's hearing where it will appear. If, as a matter of fact you appeared on the panel here today and then after hearing other people talk, think that you would like to emphasize or bring up something that you did not have a chance to do in the brief time that we had, by all means submit that to us and we will be glad to enter that contemporaneously with your previous statements contained in the record.

And just not to be repeating what you have heard so many times, I cannot say enough about the quality of the thoughtfulness and preparation that is evident and the statements that all of the panelists have had here today, and I want you to know that we appreciate the fact that that effort has been made and makes us far more optimistic that somebody out there understands what is going on and is talking about it. It is reassuring. Sometimes you get the impression from watching evening television that you are the only one that can hear the scream, but it is apparent that there is more widespread than I had anticipated, deep understanding. It is not only that you are reacting, but every one of these statements indicate that you know how the program is supposed to work and you know what the pieces are. That puts you ahead, incidentally, of virtually everybody in the Congress who is not on this committee.

The committee will adjourn. Thank you very much.

[Whereupon at 1 p.m., the proceedings in the above entitled matter were closed.]

APPENDIX

A CALL TO COMMITMENT: A JOINT STATEMENT FROM A NATIONAL SUMMIT MEETING OF STATE AND CAMPUS STUDENT ASSOCIATION LEADERS, MAY 13, 1985, NEW YORK CITY

Statement of purpose: The Student leaders gathered here today represent 3 million college students from both public and independent institutions. This "Summit" meeting is concerned that the federal role in postsecondary education is being adversely affected. The consensus of the student leaders gathered is that postsecondary education should be one of the top national priorities for funding. Programs which have been the gateway to a better life for many Americans have been eroded because of inflation and changing national priorities.

Students have benefited from such federal programs as the G.I. Bill, the National Defense Student Loan (National Direct Student Loan), Supplemental Education Opportunity Grant, the Guaranteed Student Loan (GSL), Pell Grants, College Work-study, and TRIO. These programs have stood as a landmark of the federal commitment to postsecondary education.

As students we are not blind to our roles as citizens and we are aware of the enormous dangers posed by federal deficit spending. We also would remind our national leadership that a strong and vital system of higher education is fundamental to our development as a people.

RECOMMENDATIONS

General philosophy of postsecondary education—Mission statement: An educated citizenry is the basis of a free and democratic society. Postsecondary education, especially in an era of increased technological complexity, economic and social change, is of great benefit, not only to individuals attempting to enhance their job opportunities but also to the society as a whole.

Given the social and geographic mobility of our society, the federal government is an appropriate vehicle for revenue raising and funding of postsecondary education.

Student aid budget—1985: Since 1980, students have seen a decline of the purchase power of the dollars they receive through student aid for their college educatior. Student aid has not kept pace with inflation and increasing college costs. This has adversely affected all students, especially minority and non-traditional students, who continue to face extreme barriers to postsecondary education.

The administration's proposed budget continues the decline in money available for financial aid if passed, they would devastate postsecondary education. Students and parents in virtually all income levels would be hurt by the budget proposals. We now find not only minority and non-traditional students affected, but also those middle-income families who have relied on Guaranteed Student Loans and institutions which depend on planned giving through state and local deductions.

We therefore submit a summary of specific recommendations as follows:

1. We oppose the arbitrary mega caps such as the proposals for $4,000 and $8,000 caps. Because the fly in the face of the uniform methodology of needs analysis, ignoring differences in costs, tuition, fee levels, and student family size. Furthermore, the mega cap hits low income, non-traditional, and minority students the hardest.
2. We oppose all proposals which use an artifical and arbitrary income cap to limit eligibility. They are insensitive to individual family differences and to families' ability to pay for post-secondary education.
3. We oppose requiring a high school diploma as a prerequisite for federal financial aid. This proposal would adversely affect students in proprietary schools and other technical training programs.
4. We oppose the $800 minimum self help contribution previous to receiving any Pell Grant aid. The rationale that has been used for the inclusion of the $800 in Pell Grant calculation is to make sure that student's don't get a "free ride". The fact is that this student self-help amount would be in addition to the expected family contribution.
5. We oppose tightening the independent student definition. The proposed age cutoffs are arbitrary and make no provisions for exceptional circumstances.
6. We oppose the elimination of funding for NDSL, SEOG, and SSIG programs, since 923,000 students nation-wide would be eliminated from these programs.

Reauthorization of the Higher Education Act of 1965.—The single most important piece of legislation affecting postsecondary education in the United States is the Higher Education Act of 1965. This act encompasses the aspirations and dreams of many Americans. It contains programs which demonstrate a commitment on the part of the federal government to access and choice for students seeking higher education.

We therefore propose the following recommendations be considered in continuing current and expanding other federal postsecondary programs.

Non-traditional students.—With the increase utilization of postsecondary education by non-traditional students, returning students, working students, students with families, women and minorities, attention should be paid to meeting their special needs, especially in the areas of flexible financial aid packages, courses of instruction, and day care.

College work-study.—Federal funding for work-study and wages paid to work-study students and other student employees who depend upon the income for their share of the cost of education should be tied to tuition increases and inflation. Too often, statutory or regulatory ceilings on hours of employment per week make it impossible for the student to earn their expected contribution without seeking a second job or increasing their loan debt.

All provisions regarding waivers to allow payment of subminimum wages to students by postsecondary institutions should be eliminated.

Debt burden.—We are concerned, yet realistic about the debt load considered bearable by the student borrowers. We call on the federal government, the states that have loan programs, and Sallie Mae to act rationally and decisively after carefully scrutinizing the following student concerns:

More flexible repayment plans;

Write off of loans for authorized public service work commitments;

Loan limits tied to cost instruction;

Collection of defaulted loans through the Federal tax structure, by earmarking and collecting repayment funds from the overpayment section of the tax form; and

Certain loan consolidation plans which provide for realistic and equitable repayment plans.

Pell grants.—Establish the Pell grants as a true entitlement, and do not merge other campus based programs, although some re-allocation of funds among the programs is considered appropriate within overall financial aid scheme adopted by Congress.

Campus based program funding.—We stand opposed to the elimination of any of the current campus based programs in their entirety through legislation or zero-funding.

Needs analysis.—Some adjustment is appropriate in the needs test. In far too many cases, the over-valuation of assets without an equally critical evaluation of liabilities amount to effective discrimination against farm families, unemployed families, non-traditional students, graduate students, and small business owners. We therefore support revisions in the needs analysis that would afford these students a more realistic appraisal of their financial aid eligibility.

Financial aid delivery, inter-state cooperation and proposed study.—Congress should also consider the following:

Incentives for banks to assist in the financial aid delivery system, especially in the area of information about options in courses of instruction and financial aid. Once again, computer-based information systems would be an appropriate part of such a delivery system.

Incentives for increased inter-state cooperation and coordination in forms, deadlines, and financial aid delivery.

Setting aside a fixed statutory percentage of financial aid appropriations, or funding a special one-time study, to be controlled by the Congressional Budget Office, to determine the actual effect on student consumers of changes in federal financial aid programs.

Loan information.—Sallie Mae, the state guaranteed loan agencies, and the American Banker's Association should set aside funds to create educational materials (with advice from students) explaining in detail the rights and responsibilities of persons who borrow funds for postsecondary education, as well as provide a variety of views regarding the philosophy of borrowing and its relative usefulness and values as an investment in a career and future earnings.

Independent students.—The following should be included in both state and federal statutes:

Students shall be eligible for independent student status if they meet the following criteria:

Parents did (will) not claim the student as an income tax exemption.

Parents did (will) not provide more than $750 in support.

Student did (will) not live with the parents more than 42 days a year.

A student must further provide the following information to be eligible for consideration as an independent student:

Declaration of all income sources which the student receives.

Documentation such as income tax returns, rent payments, proof of residence, voter registration or similar documentation that reasonably may be requested by the campus financial aid officer or state financial aid commission to establish that the applicant's parents have severed relations with the applicant and that the applicant has established a pattern of self-supporting behavior.

A signed affidavit from the applicant's parent(s) that they are not providing any financial support, either in kind or monetary, above $750; are not providing lodging for the applicant more than 42 days; and have not claimed the applicant as a tax exemption. Should the parent(s) not provide an affadavit, the applicant may present other information to prove he/she is independent.

Students who are married, wards or orphans of a state, veterans, divorced, separated, and singles with dependents shall be automatically considered independent for financial aid purposes.

Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection for receiving federal (or state) financial aid awards shall be fined not more than $5,000 or imprisoned for not more than 3 years.

Pell grant funding.—Attempts should be made by Congress to reverse the trend in Pell Grant awards that has seen a reduction in the number of poor and minority students participating in the program because of a loss of purchasing power.

The federal government should increase funding designed to enhance educational opportunities for black students and other minority groups. The fact that the number of black college students has dropped 5 percent since 1978, while the number of blacks receiving high school diplomas has increased, is demonstrative of severe inequities that must be corrected. Increased support for Titles III and IX are demanded by students.

Unmet need.—The federal government, in cooperation with the states, must develop programs which will fund the "unmet need" of financial aid recipients.

Multiple disbursements.—Multiple disbursements of GSLs should be considered in an attempt to reduce the program's default rate.

Computer information for consumers of postsecondary education.—The states, the federal government, and private institutions should increase their utilization of computerized databases to inform potential and current students about their options regarding careers, postsecondary institutions, and financial aid. An especially appropriate location for terminals with interactive menu-driven programs would be in secondary schools where potential students could "browse" through the information at their own pace, examining the information with different combination of career goals, institutions, and financial aid packages.

Loan consolidation.—Congress should allow students to consolidate their loans to provide for easier repayments.

GSL fee.—Financial aid offices should not charge students for the processing of the Guaranteed Student Loans. This is contrary to Congressional intent.

Origination fee.—Congress should repeal the 5 percent origination fee for the Guaranteed Student Loan program.

Definition of default and delinquency.—Default and delinquency definitions in the Guaranteed Student Loan program should be examined. Allowances should be made for students who default on their loans yet wish to enter into repayment. They should be allowed to move from a default category to one of delinquency.

Aid to part-time students.—Part-time students are the fastest growing component of postsecondary education. Between 1972 and 1982, part-time student enrollment increased 61 percent until it accounted for 5 million students, 41 percent of postsecondary enrollments.

Facing significant financial and personal obligations, part-time students make great sacrifices in order to attend school. As a matter of simple equity, students who can demonstrate financial need should not be excluded from federal aid because they are in school part-time. Areas to be considered include:

1. Revise child care so it reflects actual costs;
2. Single parents with dependents contribute equally as a dependent in the same income level;
3. Update student living cost allowances for room, board, books, supplies, and transportation;
4. Open Pell Grants, Guaranteed Loans, and National Direct Loans to students attending college less than half-time; and
5. Require that institutions with needy part-time students devote a reasonable proportion of their campus based aid to these students.

Graduate student aid.—Congress should provide for direct assistance other than loans for graduate students.

Insurance premium.—Congress should adopt the recommendations of the National Commission on Student Financial Aid concerning the GSL Insurance Premium.

Lender responsibility.—While lenders have assisted millions of students in garnering an education via the GSL Program, it is time they become full partners in this $3 billion dollar taxpayer-and-student-subsidized loan program. Incentives must be devised to make lending institutions much more responsible and accountable for default prevention and adherence to effective due diligence standards.

Tuition policy.—The recent decline in federal student aid and the budgetary restraints at the state level have placed a bigger burden on students to meet their cost of attending college. Tuition and fee policies have been regressive for students. The best way to ensure access and equity for students is low tuition.

In order to allow for the intelligent planning of financial resources for attendance at a postsecondary institution, any changes in tuition, fees, and financial aid should be: 1. Predictable; 2. Rational; 3. Moderate; 4. Gradual.

Each state should set its tuition and fees and based on the philosophy of education and current budget realities in that state rather than rely on a fixed cost ratio. Mechanisms must exist to insure that those students being affected by tuition and fee policies are not disenfranchised from the decision-making process.

Department of Education.—For postsecondary education, 1980 was a landmark year. That year produced not only a Higher Education Act, but also marked the beginning of a voice for education in the President's cabinet. The passage of legislation in 1979 to create the Department of Education once again showed the federal government's commitment to education.

That one voice for education has often lacked the resonance needed to project the education community's concerns. The student voice has all but been lost within the walls of the department.

We therefore present the following recommendations designed to open the lines of communication between the federal government and the people it serves.

Public awareness.—Increase public education concerning the actual social and financial benefits of postsecondary education.

Student-Secretary Conference.—The Student-Secretary Conference where student leaders and U.S. Department of Education officials discuss national administration of financial aid programs should be reinstated by the Department of Education.

Student Liaison Officer.—Student leaders resent the increasing politicalization and the ineffectiveness of the Student Liaison Officer position. We recommend a reformation of the selection process as well as a budget adequate to cover travel expenses and be given a greater degree of autonomy in decision-making.

Student Advisory Committee.—The U.S. Department of Education (and state education agencies) should establish a student advisory committee composed of student leaders and/or the state student association staff members to provide valuable assistance to the Department in meeting the needs of the people who receive financial aid. Members would be selected for their knowledge of financial aid and policy issues in postsecondary education which the Department is involved.

PREPARED STATEMENT OF KAREN J. TERWILLEGER, WASHINGTON STUDENT LOBBY, SEATTLE, WA

Good morning, Chairman Ford and members of the committee. My name is Karen Terwilleger and I am here today to represent the Washington Student Lobby. It is both an honor and a pleasure to appear before you to discuss the realities of higher education funding for students and their families. In Washington State, Governor Gardner has made higher education one of his top priorities. Broad access to high quality educational facilities has long been the rallying cry of students, faculty, administrators, and citizens. We understand the vital link between education and economic development—in order for Washington to prosper and provide high quality jobs to our citizenry, we must continue to fund postsecondary educational high levels. Washington is now facing new challenges, as our student population has begun to change. More non-traditional students, many with dependent children, are entering our system, demanding that the system change to meet their special needs—more childcare, health care, and family housing. Future projections paint an enrollment picture much different than what we see today. The entering student group will no longer be composed of predominantly 18–24 year olds straight out of high school, but rather an increasing number of non-traditional and part-time students. As decision makers, we often fail to realize that students are taxpaying citizens and that it has become harder to stereotype them. Students in my state include a 55 year old unemployed lumberjack in Grey's Harbor County whose job will no longer exist—he must pursure a degree in order to find a new job; and the Seattle senior citizen, finally realizing a lifelong goal of attending the University of Washington: and last, but certainly not least, my own mother, a secretary taking classes at Skagit Valley College in order to update her skills. I cite my mom as an example to make a point—in many households, the children are not the only members of the family to attend postsecondary educational institutions. Therefore, we need to be particularly aware of these special situations.

As our state grows, our need for expanded access to all levels of higher education grows as well. Due to economic conditions, however, Washington does not have the resources to deal with the enormity of the problem. The Washington economy has been paralyzed by devasting economic shocks. Even today, pockets of unemployment reach 15–19% in some of our counties which are dependent upon the logging and fishing industries. Tremendous pressures on the state budget lead Washington legislators to drastically raise tuition. Washington students have been faced with tuition increases of 70-100% in the past four years. We will face an additional 23% increase this fall. Coupled with these increases, state-funded financial aid has not kept pace with inflation. While Washington ranks just below the national average in tuition rates, we rank at 50% of the average of state appropriations for financial aid. One point is clear—Washington students desperately need FEDERAL FINANCIAL AID to afford higher education. At the present time we have a financial aid need gap of $50-70 million. This unfunded gap represents the difference between financial eligibility and resources available. The numbers translate into 300,000-plus students who did not receive sufficient financial aid to attend institutions of higher learning. Only 70% of Washington's eligible students received aid, and many of those were only packaged at 60-70% of need. Need, of course, is based on college expenses, including tuition plus other costs. On the next page you will find a copy of student budgets on the basis of which financial aid officers calculate financial aid awards. As you will note, a larger and larger percentage of our budgets are going towards tuition—costs are up, but resources are not. Probably the most effective example of these increasing "extra" costs, is one told by Dr. Jerry Brown, President of Yakima Valley Community College. As he was registering students for class, a young Hispanic man came to him to register. While Dr. Brown was filling out the forms, he chatted with the man. The man was married and had one small child—the family had been saving for months so that he could attend class. But when he found out that he must purchase a $40 book, he slowly ripped up the registration and stated, "Dr. Brown, $40 isn't discretionary income to us, it's two weeks worth of groceries." The impact on lower income students and student families of inadequate financial aid are real—potential students are denied access because of financial inability to pay.

These figures point to a substantial need for more, not less federally funded aid. Although perhaps a moot point, in light of the Senate's recent action, the impact of President Reagan's budget proposals are outlined on the following page.

The implications of a Senate Republican proposed plan to limit total federal financial allowance costs to $8,000, then to figure need, would also be great. For example, the cost of attending the University of Washington's law school is approximately $12,000 per year. If this idea were accepted, only $8,000 would be "allowable costs." From $8,000 the financial aid officer would substract student resources and parental contribution to get a value for need. Subtracting these resources from a base of $8,000 would completely use up the student's funding sources—where would that "extra" $4,000 come from?

With these points in mind, and recognizing the deficit problems faced by this nation, the Washington Student Lobby recommends the following steps be taken to promote broad access to education.

1. No reductions in present funding levels. Increase Pell maximum award to $2100. Increase SEOG program.
2. Restructure Pell program into campus-based aid, saving administraive costs and delivering Pell grants in a timely fashion.
3. Increase loan limits and allow for consolidation of repayment.
4. Increase appropriations for SSIG to encourage states to develop and/or continue strong state programs.

Student Categories

PREDICTABILITY IN STUDENT BUDGETS [1]

(Based on nine-month expenditure)

	1980-81	1981-82	Percent increase	1982-83	Percent increase	1983-84	Percent increase
Commuter:							
Books/supplies	$270	$300	10	$330	10	$350	6.8
Room and board	960	1,100	13.6	1,100		1,100	
Personal (include medical and dental)	750	720	—4	750	4	810	5.7
Transportation	600	660		660		700	5.7
Total without tuition	2,580	2,790	7.6	2,840	1.8	2,960	4.1
Tuition	687	1,059	+35.2	1,176	10	1,308	11
Total with tuition	3,267	3,349		4,016		4,268	
Percentage of budget for tuition (percent)	21	27.5		29.2		30.6	

PREDICTABILITY IN STUDENT BUDGETS [1]—Continued

(Based on nine-month expenditure)

	1980-81	1981-82	Percent increase	1982-83	Percent increase	1983-84	Percent increase
Apartment:							
Books/supplies	$270	300	10	$330	10	$350	6.8
Room and board	2,130	2,160	1.4	2,340	7.7	2,505	6.6
Personal (include medical and dental)	810	870	6.9	900	3.4	975	7.7
Transportation	600	660	10	660		700	5.7
Total without tuition	3,810	3,990	7	4,230	5.7	4,530	6.7
Tuition	687	1,059	+35.2	1,176	10	1,308	11
Total with tuition	4,497	5,049		5,406		5,838	
Percentage of budget for tuition (percent)	15.3	20.9		21.8		22.4	
Single parent married:							
Books/supplies	$270	300	10	$300	10	350	6.8
Room and board	3,660	4,320	13.3	4,780	7.7	5,010	6.6
Pesonal (include medical and dental)	1,590	1,680	5.4	1,710	1.8	1,840	7.1
Transportation	600	660	10	660		700	5.7
Total without tuition	6,120	6,960	12.1	7,380	5.7	7,900	6.6
Tuition	687	1,059	35.2	1,176	10	1,308	11
Total with tuition	6,807	8,019		8,556		9,208	
Percentage of budget for tuition (percent)	10	13.2		13.7		14.2	

[1] Budgets developed by Washington Financial Aid Association.

[2] Tuitions given are for Resident Undergraduates in Research Universities.

IMPLICATIONS OF PRESIDENT REAGAN'S PROPOSED STUDENT FINANCIAL AID BUDGET

A minimum of $38.1 million will be lost to Washington students effective in 1986-87 if the President's proposals are approved. The loss could be as great as $46.5 million.

While the full impact of the cuts would not be felt until 1986-87, nearly 8,000 students would be denied Guaranteed Loans in the 1985-86 school year.

By 1986-87, an additional 11,000 students will lose all or a part of their student aid.

Important components of the President's proposal are:

	Dollars in millions	Number of students
A limit of $4,000 on total federal student aid a person could receive	11.6	8,100
Elimination of eligibility for aid (other than Guaranteed Loans) if family income is greater than $25,000, regardless of need	7.8	5,450
Elimination of Guaranteed Loan eligibility if family income is greater than $32,5000, regardless of need	20.0	7,800
Estimated Unduplicated Total	38.1*	[1]18,815

[1] Detail does not add to total due to duplication.

The proposed cuts in "campus-based" federal aid programs and elimination of matching funds for State Need Grants are likely to be in addition to the above cuts. These total $8.4 million per year for an overall total of $46.5 million in reductions. Washington students experienced a 40 percent increase in loans over the past year. This heavy reliance on loans may seriously mortgage the future of our economy. States should be encouraged to provide grant programs—increased SSIG funding would help facilitate this.

5. Increase the number of Fellowships for graduate students. Experts project that by 1995, 40 percent of the nation's tenured faculty will leave teaching. We must prepare new PhD.'s to take their places. Without incentives to pursue graduate education, individuals will choose fields other than academia. Then who will teach English? Engineering? or Humanities?

6. Establish a Student Advisory Committee to the College Scholarship Board to provide for input for future policy decisions.

Education can drive the economy into new periods of expansion. Without the benefits of higher education, Washington State and the United States cannot recover from economic distress. Investment in human capital is the single most important determinant of economic success—only people can make the technological advances and efficiency improvements needed to sustain growth. Thursday night I attended a community hearing, convened in Seattle, for the purpose of demonstrating the impact of Reagan's budget cuts on the poor. Speaker after speaker, eloquent in their simplicity, related how they would be harmed. Many of those people are or were students in our system. Their plea, which has special significance for all of us is: "Provide us with the tools to become more productive citizens. Allow us education, food, and shelter so that we can work to make the American Dream a reality. Don't build walls too tall to climb and too strong to tear down—help us to build bridges to walk across and reach out for knowledge.

THE ASSOCIATED STUDENTS OF THE UNIVERSITY OF NEVADA-RENO

Mr. Chairman, honorable members of the committee; for the record my name is Ted Lancaster and I am the President of the Associated Students at the University of Nevada (Reno). Today it will be my privilege to address this body on the subject of financial aid. Specifically I would like to take a few moments to discuss the impacts on Nevada which you can expect should Congress choose to adopt either President Reagan's financial aid proposal or the Senate compromise set forth on April 4, 1985.

To begin allow me to state, Mr. Chairman, that from me you will hear no impassioned plea concerning the absolute need for educating the students of our nation. Such arguments are self-evident and as members of congressional education committees I am certain that you already hold these values near to your heart. It is my place today, not to deliver an entourage of educational rhetoric, but instead to clearly explain the unique situation in Nevada's educational system and the specific impacts to that system should you choose to adopt either of the planned reforms in financial aid. I will start then with the effects of both proposals to Nevada's middle income students, then discuss the special problems associated with "non-traditional" students, look at the unique banking system in Nevada and conclude with some alternative suggestions which the committee may wish to examine.

The press, Mr. Chairman, has not been very supportive of either financial aid proposal which has been suggested. The February 18, 1985 issue of National Affairs Magazine asks if these proposals will be "Maiming the Middle?" I regret to inform you that, at least in Nevada, the press is not on the wrong track for this issue. Let's address first the impact of the original Reagan proposal on the middle class and then take a look at the Senate compromise.

Appendix A shows a step by step breakdown of the effects that the Reagan proposal would have on Nevada's students. A quick flick back to that page will show you that Regan's proposal would sap an estimated $4,742,000 from Nevada's secondary educational system. The way in which the proposal is set up would be taken from Nevada's middle class, ranging from approximately $25,000 to $40,000 a year incomes. Obviously, the $32,500 cap on incomes would be largely responsible for this problem. However, a further hidden impact might be felt by the $25,000 cap on grants.

Part of Reagan's proposal would eliminate all students whose combined income is over $25,000 a year from receiving various grants, including work study programs. This would be a truly sad policy, Mr. Chairman. The National Institute of Education recently published a report entitled "The Conditions of Excellence in American Higher Education." This study concluded with several suggestions to students which would improve the quality of their own education. One of the Institutes main suggestions was for students to become involved in on campus employment, including work study programs. According to recent research, students that become involved in this manner average significantly higher educational scores than do their peers who work off campus or hold no job at all. However, if congress chooses to set the $25,000 cap on work studies programs, it would be presenting middle income students with a paradox. On one hand a Federally funded institute tells students to become involved with work study. On the other hand congress restricts work study to only the lower incomes. This would certainly be a cut in quality for Nevada's middle class students.

The proposed $4,000 cap on all student aid is a policy that would probably impact the lower income student just as strongly as his middle income friends. The major argument for the $4,000 cap on aid is that the federal government should be responsible for guaranteeing anyone an education, however that does not mean an education of the higher priced institutions. Although I wholeheartedly object to this concept, I will not argue the point here. For these of you who feel that a student should be allowed to go as far as their ability, and not their pocketbook, allows, let me state that approximately 36% of Nevada's students choose to go out of state for their education. $4,000 per year is certainly insufficient for the needs of this large group of individuals. However, even if you feel that this is not the responsibility of the Federal Government I would like to add that the $4,000 cap would also be a burden to many students who wish to stay instate and attend one of Nevada's two state universities, four community colleges or any number of trade and professional schools.

Appendix B shows the average cost for various types of individuals who attend one of Nevada's two universities. As you can see, the $4,000 cap would create very few problems for the traditional 18–22 year old student who lives at home or in a dormitory during the school year. However, if this student wishes to live off campus the average yearly cost at UNR is $8,044 per year, (UNLV has very similar figures). A major problem arises at the University in Las Vegas. UNLV currently boasts only one fairly poor quality dorm. With a total student population of 10,854, not all students could live in the dorm even if they choose to. Consequently even at our state college $4,000 would be inadequate for the needs of many of our lower income students. Looking at the graph you will also notice the significantly higher educational costs for the "non-traditional" student; this will be covered momentarily.

The senate compromise of April 4th also carries with it some significant impacts for Nevada's higher education. Appendix C indicates the number of students that this compromise would effect and how much total money they would lose. As you can see the $8,000 cap on need, had it been in place in the 84–85 school year, would have affected 36.1% of our students currently receiving financial aid. These students would have been forced to come up with an additional $2,729,000 or drop out of school; (this figure would increase about 11% for next year). A significant portion of this money can be accounted for when you look at the limited graduate programs available in Nevada. To go into law, veterinary medicine, dentistry, optomistry, physical therapy and graduate library studies, Nevada citizens must go out of state. $8,000 in need is not a realistic figure for any student who wishes to go into any of the professional fields as mentioned above.

A final consideration which must be addressed deals with the section of the compromise which covers the criterian for qualifing as an independent student. Although I have no figures concerning Nevada on this issue, I would like to ask a question. If the senate adopts stricter criterion for declaring independence (Senator Stafford has suggested that a student must prove independence for two years before being considered eligible) what happens to the student during the lag time? Doesn't it seem like another paradox; you make it harder for a dependent student to receive financial aid and then you stop him from becoming independent.

I would like, if I could, Mr. Chairman, to make one final point about middle income students before I go to the impacts on "non-traditional" individuals. The major impetus for reforming financial aid seems to be the need to decrease federal spending in general. If this is in fact the case, then the committee may be interested in one more piece of information. According to Mr. Joe Aribe, former president of the Nevada Association of Financial Aid Administrators, it is the middle income student who has the lowest default rate on student loans. Consider this fact for a moment. If your goal is to save money wouldn't it seem counter productive to stop loaning money to the very people who are most likely to put it back? Near the end of my presentation I will deal further with the program of default rates and some possible areas for improvements.

At this point I would like to take a moment to delve into the realm of the "non-traditional" student. The non-traditional student, (those people above the 18–22 year old age range attending post secondary education), may be one of the hardest hit vicims of the proposals which we are discussing. Appendix D shows the age breakdown of students attending UNR. Fully 46% of our student body is over 22 years old with about 25% over the age of 30. In fact, the average age of all students in Reno is 26 years and our systems chancellor has assured us that the ages are higher at every other institution in Nevada. Seeing then that a very substantial number of our students are above the traditional age, I feel it's important to see what type of impact they would feel from cuts in financial aid.

The Reagan proposal would be seriously damaging to the older students in Nevada. Consider the typical American family with two parents and two or three children. Should one of these parents decide that they need additional education, the cost at UNR would be approximately $15,000 per year; (the $12,000 needed for a married student in Appendix B plus $1,000 for each child). If this family is making $33,000 per year the Reagan proposal would tell them that they are ineligible for financial aid and must pay one half of their income to gain an education. In today's society, old trades and knowledge are becoming outdated at staggering rates. The Reagan proposal would effectively block many older citizens from acquiring the further education necessary to stay productive in our complex world.

The $25,000 cap on programs such as work study would further limit those older students. Under this proposal a parent or just married student would not even be allowed to enter into a school work program which would allow him to provide support for his family while attempting to learn a marketable trade. Certainly this is counterproductive to both the student and the society which loses the possibility of acquiring a newly trained individual with the maturity of age in addition to his skill.

From the previous arguments I am sure that you can see that the $4,000 cap and the $8,000 cap on need creates the same problems with a married student starting at $12,000 and going all the way to a single parent with two children who's need is $15,000. It is easy to understand that none of the limits set by the current proposals would make further education feasible for these Nevadans. In summary these proposed cuts on financial aid would greatly effect a large portion of Nevada's student population, the non-traditional student.

Mr. Chairman, as you have probably surmised I am quite concerned with the impacts students would feel if the proposals were adopted. However, there is one further entity which we must take into account when discussing the issue of financial aid; Nevada's banking system. Nevada, being a small state, presently has only one major bank and one credit union (with restricted membership) which are willing to do any real work in student loans. I contacted First Interstate Bank, which makes the vast majority of student loans in Nevada, and asked them what effect the proposals would have on their program. Their answers were disquieting Mr. Chairman.

Reagan's proposal would cause almost every bank in the nation to drop their student loan program. That is the statement which FIB presented to me. Whether you wish to take this response at face value of not, allow me to expand on the special problems facing Nevada's only real student loan Bank. FIB, unlike most of the larger banks in the nation, is not automated in the area of student loans. Further, FIB is already on a schedule of multiple dispersements for loans, which increases costs and cuts their interest rate received from the federal government. Finally, Nevada, largely due to its highly transient nature, has a default rate of 8.32% in 1984, which is above the national average. Combining these problems and introducing decreased cuts in subsidies and re-insurance of loans would bring FIB very close to the point at which student loans no longer become feasible.

Senator Stafford is current proposing a package that would cut the average bank subsidy from 3.5 to 3.2% and decrease the percentages allowed for reimbursement of defaults. Mr. Dave McNinch, the Vice President in charge of student loans at FIB, assures me that such a package combined with Nevada's alreadly touchy student loan climate would make student loans a losing proposition for his bank; they are of course private industry. If there is no bank in Nevada willing or able to make student loans, it is obvious that the impact on GSL recipients would be total.

This type of proposal comes at a time when FIB is just starting to make progress in the student loan area. As I just stated the default rate in Nevada is higher than the national average. Nevada has a highly transient population and high degree of vocational training, both of which contribute to increased default rates. However, as you can see from Appendix E, the overall default rate of Nevada has been decreasing since 1980. This can be attributed to many factors including Reagan's new crack down on defaulters, restructuring of Nevada's lending policies and forced orientation for all student loan recipients. Presently, Nevada is making strides towards increased efficiency in their student loan programs, I would hope that congress does not choose to set new policies which would endanger the entire program in Nevada.

To conclude, Mr. Chairman, allow me to offer some possible suggestions that the committee may wish to consider.

(1) The multiple dispersement plan is not a bad idea. Although it decreases interest for banks it is a program that FIB has already embarked upon. However, possibly a better idea would be the revolving line of credit concept. Students would apply for the full amount of money needed for their entire education, say $10,000. Then the bank would merely cut a check each semester instead of having the student re-

apply every year. This would cut down on bank overhead and consequently overall cost.

(2) Take any cap off incomes eligible for work study programs. As the National Institute of Education suggested work study programs can benefit all students. In this way students could gain financial aid, increase their educational experience and help the university or college as a whole. Possibly by figuring in work study on research grants, congress could also consolidate funds and save money.

(3) Increase, not decrease, the scope and size of the GSL program. This would be accomplished by increasing the amount of money in the program and dropping the cap on qualifying for a loan. Senator Stafford is suggesting that we decrease cuts in grants and increase them in student loans. I completely disagree. Loans have a twofold advantage over grants. First they are a self help program rather than freebies, thus making students work for the education they are given. Secondly, a sum of money in loans will go several times further than the same amount in grants, due to the paybacks associated with loans.

In conclusion Mr. Chairman, there are several problems associated with the current proposals on student aid. Both policys could greatly hamper the ability of low and middle income students and non-traditional students from achieving a quality education in Nevada. Further, either policy may greatly threaten the very future of student loans in our small state. Now that you have received this information I am certain that you willl advise congress to take no action which will so greatly effect so many students in our great nation.

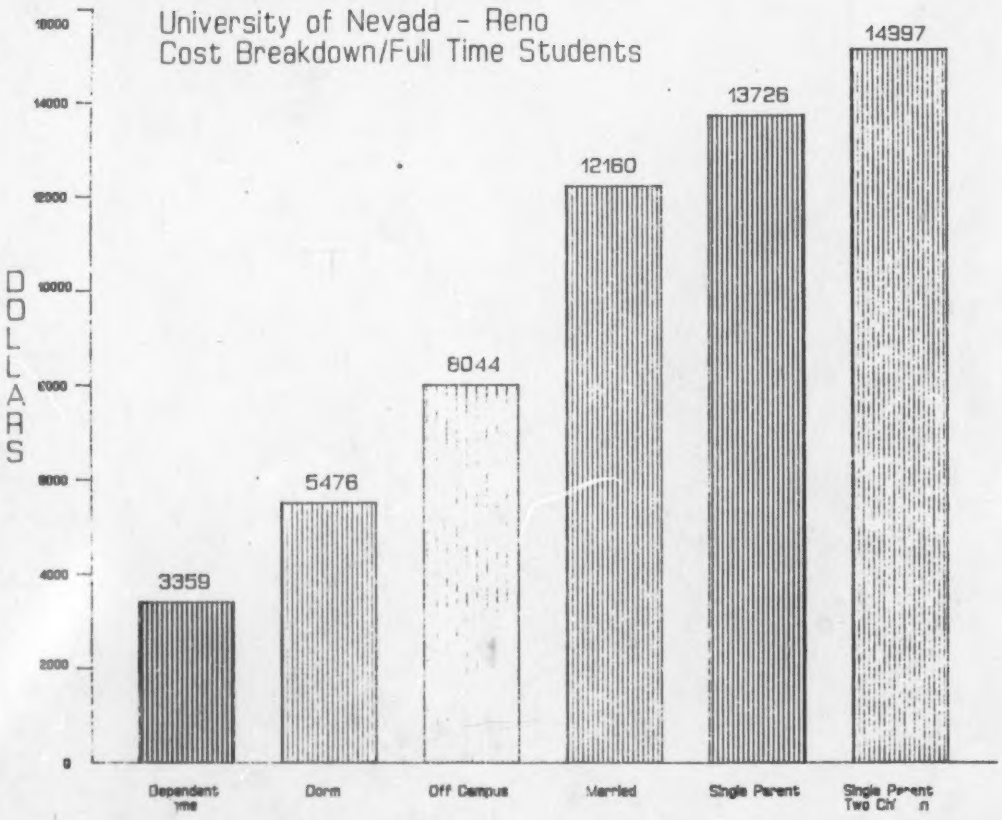
Appendix A

Reagan Proposal Impacts on Nevada

Using a 90% sampling this statement represents the projected impacts of President Reagan's proposed cuts in financial aid to the state of Nevada. The figures were computed by the Nevada Association of Financial Aid Administrators.

	84-85	85-86
A. Total number of dollars lost by families earning over $25,000 per year.	$ 581,000	$ 664,000
B. Total number of dollars lost by $4,000 Cap.	$1,237,500	$ 1,348,000
C. Total number of dollars lost by GSL recipients with the $32,500 Cap.	$1,856,000	$ 2,122,000
D. Total number of dollars lost by SEOG recipients.	$ 554,064	$ 608,175
TOTAL Estimated loss to Nevada Students	$4,228,564	$ 4,742,175

Appendix B


University of Nevada - Reno
Cost Breakdown/Full Time Students
DOLLARS
16000
14000
12000
10000
8000
6000
4000
2000
0
3359
5476
8044
12160
13726
14397
Dependent
me
Dorm
Off Campus
Married
Single Parent
Single Parent
Two Ch' n

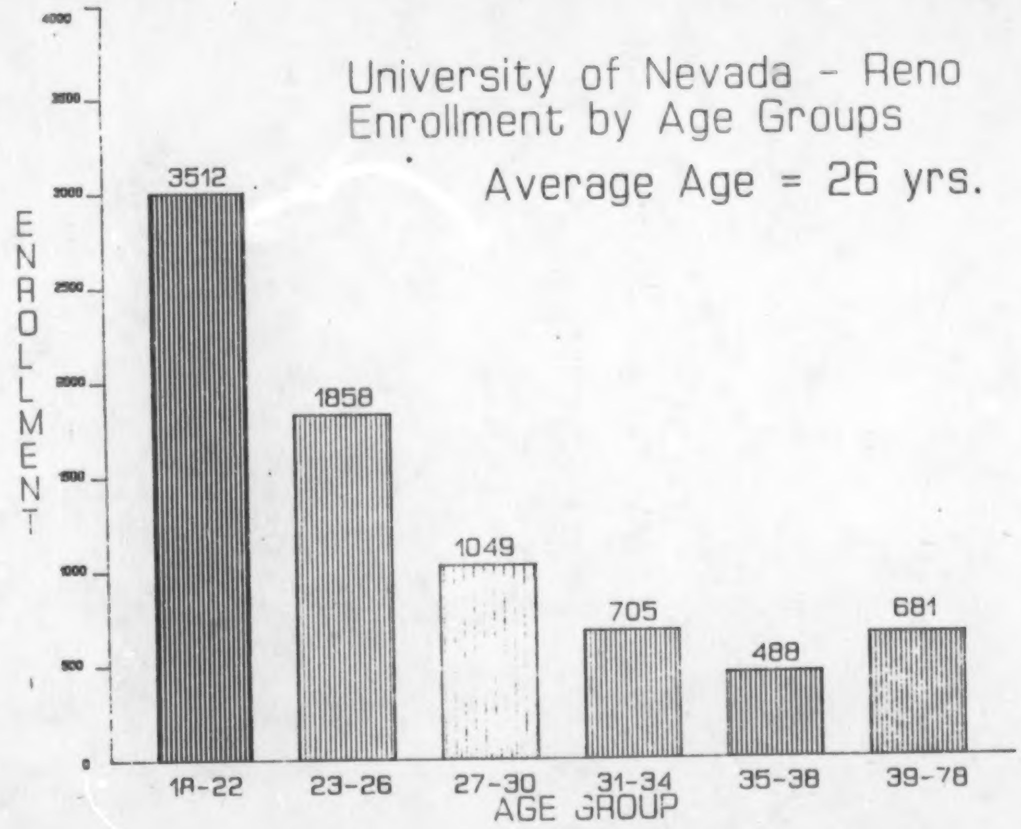
Appendix C

4-4-85 Compromise Impact on Nevada

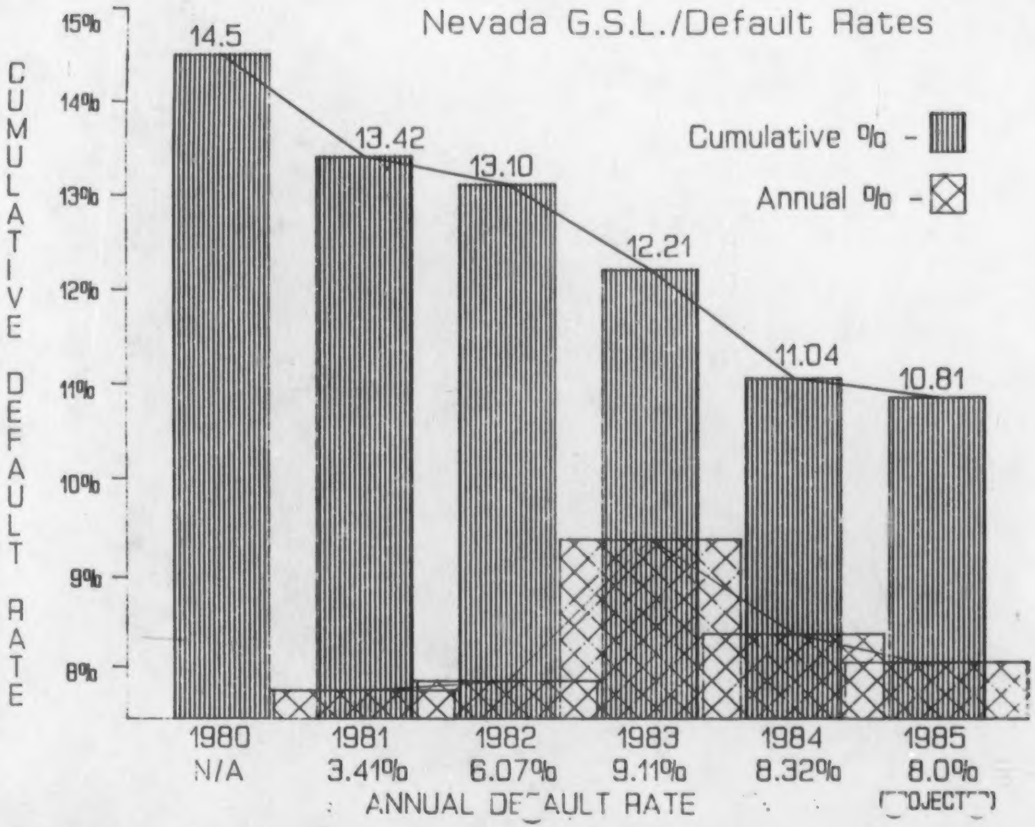
This statement represents the estimated impact that would have been suffered by Nevada students in the 84-85 school year, had the compromise of 4-4-85 been in effect. The information was provided by the United Student Aid Funds.

A. Total number of students who would have been effected by the $8,000 needs cap.	2,593	36.1% of all recipients.
B. Total number of dollars lost by above students.	$2,729,160	
C. Total number of students who would have been effected by the $60,000 cap.	52	.81% of all recipients.
D. Total number of dollars lost by above students.	$ 172,000	
Total estimated loss to Nevada students.	84-85 $2,901,160	85-86 3,220,287 (estimated 1 increase fr 84-85)

Note: This figure does not include money lost by students who could not claim independence under the proposed tighting of the independent student criteria test.


University of Nevada - Reno
Enrollment by Age Groups
Average Age = 26 yrs.
ENROLLMENT
4000
3500
3000
2500
2000
1500
1000
500
0
3512
1858
1049
705
488
681
18-22
23-26
27-30
31-34
35-38
39-78
AGE GROUP

Appendix E



Nevada G.S.L./Default Rates

PREPARED STATEMENT OF WENDY P. SHULTZ, STUDENT REPRESENTATIVE, STUDENT GOVERNMENT ASSOCIATION, MONTCLAIR STATE COLLEGE

Good day, members of the Subcommittee on Postsecondary Education and the members of the public present at this public hearing. My name is Wendy P. Shultz, student representative from the Student Government Association, Inc. at Montclair State College. I am a junior majoring in Industrial Studies at Montclair. My involvement in the Student Government Association, Inc. has been extensive during the past three years and I am currently President Pro-Tempore.

Montclair State College is located on a 200-acre campus in Upper Montclair, N.J., 14 miles west of New York City. Montclair State College is fully accredited by the Middle States Association of Colleges and Secondary Schools and the National Council of the Accreditation of Teacher Education.

Montclair State College is a four year institution offering a broad range of educational and cultural opportunities. Four degrees—Bachelor of Arts, Science, Fine Arts, and Music—are offered on the undergraduate level. The Second Careers Program (for students over 25 years of age), the Weekend College, and the Department of Adult Continuing Education assist non-traditional undergraduate students in meeting degree requirements.

Montclair State College's student body has a current enrollment of approximately 13,000 students, divided between the undergraduate and graduate programs. About 80% of our students commute while the remainder reside on campus in the residence halls or efficiency apartments.

Presently enrolled at Montclair State College, there are 7,600 full time undergraduates and approximately 3,200 part time undergraduates. Fifty-five percent (4,200) of the full time undergraduates receive some form of financial assistance through a combination of work study programs, grants and/or loans.

The current median age of the full time undergraduate students at Montclair State College is between 20–21 years of age. The part time undergraduate students' ages range from 23–70 years. A median for this section is difficult to compute due to the vast range. Most full time students come from families where the yearly gross income in less than $30,000. Seventy percent of the students receiving aid, excluding those who receive Guaranteed Student Loans (GSLs), come from families that have yearly gross incomes of less than $24,000.

Many of the students who are attending Montclair State College and who are receiving some form of financial assistance are from families where both parents are employed full time. There is also a high percentage of students who are the first generation to attend a college and receive some form of financial aid. Many students who are presently full time undergraduates will be forced to attend part time if President Reagan's proposed financial aid budget cuts are enacted.

Any student that takes over six (6) credit hours a semester is considered part time and may apply for aid as such. The majority of these students receive Pell grants and/or GSLs. In the future, many part time students who will not be eligible for assistance will not be able to continue their educations.

Financial aid was established to give students wishing to obtain a college education the opportunity not only access to a college but also a choice. With the proposed cuts, students may not be able to attend the college of their choice due to a lack of financial means.

The financial assistance programs available to Montclair State College students that would be affected by President Reagan's proposed budget cuts include Pell grants, College Work Study (CWS) programs, Supplemental Education Opportunity Grants (SEOG), and GSL programs.

With Reagan's proposal for the Pell grant, there would be a full or partial loss of $600,000 in financial aid to 500 students at Montclair State College. Additionally, indications are that there has been a significant decrease in the purchasing power of these grants.

The combination of the CWS program and SEOG into one program as proposed by President Reagan would allow the money to be allocated in a more direct way depending on the need at each college. As proposed, this combined program would not have the same amount of money allocated as if the programs remained the same. At Montclair State College, this would affect 100 students presently receiving CWS and 100 students presently receiving SEOG for a total loss of $160,000 in funding.

At Montclair State College, there are a number of students who declare themselves as independents who receive financial aid. There would be 75 students affected and $150,000 would be lost in financial aid to these students if President Reagan's proposal was enacted. His proposal to only let students over 22 years of age declare themselves as independents does not take into consideration that many students return to college late and thus avoid this age limitation but declare themselves as independents. This is unfair to Americans who are under 22 years of age who choose to live on their own.

President Reagan's GSL proposal to decrease the total gross family income level from $35,000 to $30,000 will effect Montclair State College the greatest. With this proposal, 725 students would lose their aid and $1.4 million overall would be lost. The Senate compromise to raise the ceiling to $60,000 would allow more accessibility to these loans if the other proposed cuts are enacted. Only 40 students would lose aid and $50,000 would be lost in financial assistance if the Senate compromise were enacted.

Montclair State College offers many evening services available to the non-traditional student. The Student Government Association services are offered to these students in the evening. These services include free notary public, reduced duplication rates, phone service, stamps, a pharmacy program, and parking ticket appeals, as well as access to general information.

The Office of Student Affairs remains open one evening a week as well as other specific divisions such as counseling, financial aid, the registrar's and the business offices. This allows non-traditional students the ability to obtain counseling and information at their convenience.

The Student Government Association last fall passed a bill supporting the establishment of a childcare center on campus. Further information on this issue is still pending. (Please see attached for a copy.)

Recently, Dr. Donald E. Walters, President of Montclair State College, in a Message from the President stated:

"The Administration's budget proposals would also mean drastic cuts in other areas. The Guaranteed Student Loan (GSL) program, which allows college students to borrow at low interest rates, would also be cut drastically. The President proposed a needs test for all recipients to determine the amount of their loans, as well as a $4,000 'mega-cap' on total assistance a student could receive. Under his proposal, applicants with adjusted gross family incomes over $32,500 would no longer be eligible for the GSL. In addition, the President recommended reducing the current special allowance to lending institutions which makes it profitable for them now to offer Guaranteed Student Loans.

"We estimate that the Administration's proposed cuts in the GSL program would, if passed, affect 725 students at Montclair State, with a loss of over $1.4 million in student assistance.

"The President's recommendations have run into considerable opposition in Congress. Recently, the White House and Senate Republican leaders have reached a compromise which reduces the extent of these cuts. We have been told that the compromise includes an adjusted gross family income cap of $60,000 for GSLs, an $8,000 'mega-cap' on total aid, and only a slight reduction in the special allowance to lending institutions. As of this writing, details of the compromise remain unclear, but reports indicate that student aid may still be reduced by as much as a billion dollars in 1986, and even more in the years ahead.

"At Montclair State College, we are very concerned about the impact of even these reduced cutbacks in student financial assistance."

Although this is only one public institution, if it is included with others in the state, over 90,000 students could be effected. Financial aid programs are a vital too for people interested in obtaining a higher education. The adept use of tools is vital to a healthy, growing civilization.

Thank you for taking the time to review this testimony and I hope you will take the proper action.

IMMEDIATE EFFECTS OF BUDGET PROPOSALS AT MONTCLAIR STATE COLLEGE

Program	Students losing aid	Funding lost	Percentage losing aid
Pell grants	500	$600,000	....
CWS	100	80,000	....
SEOG	100	80,000	....
GSL ($30,000 ceiling Reagan's)	725	1,400,000	....
GSL ($60,000 ceiling Senate's)	(40)	(50,000)	....
Totals	1425	2,160,000	33.9

IMMEDIATE EFFECTS OF BUDGET PROPOSALS AT MONTCLAIR STATE COLLEGE—Continued

Program	Students losing aid	Funding lost	Percentage losing aid
	(740)	(810,000)	(17.6)

Note: Total students currently on aid: 4,200; students losing independent status: 75; independent status funding loss: $150,000. All of the above figures are estimates of the projected losses.

BILL NO. F84077

Be it enacted by the Legislature of the Student Government Association, Incorporated of Montclair State College, that Whereas: Since many parents are having more active lives in education, both going to school and working, and Whereas: every other state college in New Jersey has day care facilities;

Be it resolved, that: the Student Government Association, Inc. of Montclair State College supports the establishment of day care facilities for MSC students, faculty and staff.

Submitted by, Terry Hocker, SGA Legislator, September 26, 1984.

This bill was introduced to the Legislature on Sept. 26, 1984. At that time, the bill was on the floor for immediate consideration. This bill passed.

PREPARED STATEMENT OF ANTHONY R. MARTIN, VICE PRESIDENT, FEDERATION OF INDEPENDENT ILLINOIS COLLEGES AND UNIVERSITIES STUDENT ADVISORY COMMITTEE

I would like to thank the Chairman and the Post Secondary Education Committee for the opportunity to testify before them today.

"If a nation expects to remain ignorant and free in a state of civilization, it expects what never was and never will be." This is a famous quote from Thomas Jefferson in his assessment of the importance of education.

While we in the education community realize and understand the importance of decreasing the federal deficit, we also believe that the Reagan administration is looking in the wrong direction. What we have seen under the current administration is the dismantling of federal financial aid to students, and with that, a dismantling of the hopes and aspirations of students to attend a college that best suits their needs. The actual increases of financial aid awards such as Pell Grants, because of linear reductions, have not kept up with the rising costs of a private education. The Reagan administration would like to freeze Pell Grants at their current levels. We in Illinois do not want this to happen.

The latest administration proposals whenever a students' combined costs, including tuition, books, room and board add up to more than $8,000.00, abandons the student and his/her family. It would be hard if not impossible for most families to meet the difference between an $8,000.00 cap on financial aid, and the students actual costs at a private institution, especially since the expected family contributions would already be deducted from his/her eligibility. I believe that this would inflict a tremendous financial burden on the families of students attending private colleges. The total costs of many of these colleges and universities already exceed $10,000.00. Only the very wealthy could afford the opportunity to attend a college or university such as the University of Chicago, Northwestern University, Harvard University, or a Boston College, for the expenditures at these institutions usually exceed $14,000.00.

According to the National Association of Student Aid Administrators, the compromise agreement the Senate Budget Committee assumes in its budget outlay reductions for Pell Grant and Campus based programs is $168 million in FY 86, $200 million in FY 87, and $265 million in FY 88. All told the three year budget savings for student aid would be 2.248 billion, with 1.643 billion being taken from the Campus-based and Pell Grant programs.

The American Council on Education has estimated that the $8,000,00 cost of attendence ceiling would negatively affect more than 717,000 students. Other estimates are even higher when all the provisions are taken into consideration. The National Association of Independent Colleges and Universities estimates that more than three-fourths of the 1.5 million student aid recipients at private schools will face costs next year in excess of $8,000.00. Likewise, many graduate, married, and single-parent students at public institutions will be hurt by the cost limitation.

Ironically most of the members of the budget negotiating team graduated from institutions whose current 1984-85 costs would on the average exceed 10,000.00 per year. As such, their proposal clearly reduces the opportunity for qualified students for moderate income families to attend the same or similar schools that they did.

Furthermore, multiple disbursements of Guaranteed Student Loans which President Reagan supports, would adversely effect the students ability to allocate their funds during a given semester. Given this, students would be unable to expedite their education and be forced to take a limited number of credit hours.

The reduction of other Campus-based programs such as: the Supplementary Education Opportunity Grant, The National Direct Student Loan, and the Work Study Program would even further hack away at the students ability to afford an education.

Also,we hope the U.S. Congress will see the meaninglessness of having a student be declared independent two to three years before he or she is eligible to receive an independent student status. For many of these students, their parents want to have no part in their education, and without government help they may never get the opportunity to receive a postsecondary education.

T.H. Bell, the United States Secretary of Education during President Reagan's first term cites Reagan's proposals as an assault on private colleges. He states, "The proposed legislation to cut student aid would result in the transfer of thousands of students from private to public institutions. It flies in the face of arguments advanced in the Reagan administration that the government policy should encourage the private sector to do more, so the government can do less."

I believe that this would be a conflict of interest for the Reagan administration. For one thing, for every student that enrolls in a state institution the government subsidies that institution $4,000.00 per student, and this does not include any financial aid that a student would be eligible for. Therefore, the transfer of thousands of students from private to public institutions would result in a greater overall expense.

The money for student finacial aid should be a high priority investment of the taxpayers dollars. It helps students to help themselves by making them more productive, intelligent, and selfsufficient. Federal aid to college students is an investment in the future economy, because it helps students through education to obtain higher earnings. This translates into more taxable income which will aid in decreasing the federal deficit.

In a radio address to students in Houston, Texas on April 30, 1983, President Reagan stated: "High technology is revolutionizing our industries, renewing our economy, and promising new hope and opportunity in the years ahead. But you must earn the rewards of the future with plain hard work. The harder you work today, the greater your rewards will be tomorrow. *Get a good education. That 's the key to success."*

David Stockman, President Reagan's Budget Director is back in Washington at this moment, distributing state by state charts to members of Congress. His purpose is to show how little the cuts will impact colleges within their state. His charts are misleading because they represent single, married, graduate, and students that attend college within their own state. The older, married, graduate, professional, and students that attend school out of state will those most adversely affected.

I believe in President Reagan's address to the students in Houston. But, with that in mind, I hope that Congress realizes that without financial assistance educational opportunities at private schools will be limited to the rich. The future of educational access is in your hands. We here today, the students of the state of Illinois, and students throughout this country hope that you will keep our future a bright one.

PREPARED STATEMENT OF RICHARD K. JUNG, PRESIDENT, ASSOCIATED STUDENT OF BOISE STATE UNIVERSITY, BOISE, ID

CHAIRMAN FORD AND SUBCOMMITTEE MEMBERS. I am here as a student from the State of Idaho and as a representative of the students of Boise State University. One of our major concerns is the outcome on proposed cuts in educational funding as proposed by the Reagan Administration. I will therefore limit my concerns only as to how it will affect the students on my campus.

If the Reagan proposals on student aid are enacted by Congress, Boise State University will suffer a 30-35% reduction in total dollars available for student aid. This will mean a loss of between 2.5-2.8 million dollars. This would decrease BSU's financial outlay from 8 million dollars annually to about 5.5 million.

These cuts would affect all aspects of the total financial aid package. Guaranteed Student Loans would lose $575,000 in available loan money to families with incomes over $32,000 as well as $740,000 in loan money to students with financial need. Pell Grants would be cut by $637,000 and other programs (NDSL, SEOG, SSIG) would suffer cuts of $550,000.

Boise State University prides itself in being an urban university with a primary emphasis on making education available to the non-traditional commuter student. With an average age of 27, many of our students not only work, but are also supporting families as well. It is these students who will be the most severely hurt by the proposed cuts and yet, it is these non-traditional students who deserve the opportunity to continue their education.

Therefore, as a representative of the student of Boise State University I would ask that you not enact the proposed cuts in student aid. Thank you.

PREPARED STATEMENT OF MICHAEL OLIVERIO, STUDENT ADMINISTRATION PRESIDENT, WEST VIRGINIA UNIVERSITY

Mr. Chairman, members of the committee, I appreciate your affording us the time to address the sub-committee on so vital an issue. My name is Michael Oliverio and I am the Student Administration President at West Virginia University. The students I represent come from all the states in the union and approximately 80 foreign countries. Through my work with West Virginia students, I have an understanding of the concerns of young adults across our state.

When it comes to financial aid for college students in this country, we have a choice to make. Do we want progress in our country? If we do, and I think we do, we need to educate the youth of this country. The reasons are two fold; so that they can support themselves in the future and so that they can make our nation move forward.

It is time now that the Federal Government recommit itself to the goal of education in America.

In the 1940's, the G.I. Bill was set up to help the returning veterans attend college. In the 1950's the Russians launched Sputnik and we created the 1958 National Defense Education Act to step up our research in the sciences. In the 1960's, President Johnson created the Work Study Program to help wage the war on poverty. But it wasn't until 1965 that this country committed itself to education for the sole purpose of progress with the 1965 Higher Education Act. Twenty years have passed and we have seen the great things that have come from this.

Education should be thought of as an investment in the nation's future. If it is, then the return will always be worth the investment.

The changes in the proposed budget affect my state in great proportions. West Virginia leads the country in unemployment, so if your parents aren't working it's hard to pay for schooling. West Virginians are proud people and they don't just want a handout. They have proven to use their money effectively and have paid back their loans. Although this loan isn't one that comes from this committee's jurisdiction, I'm proud to report the pay-back rate on medical student loans in our state is nearly 99%—the highest in the country. This speaks well for the people in our state and their commitment to the federal government.

With changes in Guaranteed Student Loan Program that require mandatory multiple disbursements, a .25% cut in the special allowance to lenders and the elimination of interest on non-disbursed funds, problems will arise. Adding to this a decrease in the percentage to which the federal government will pay the guarantee agencies on defaults may also cause lending agencies to shy away from student loans. These areas need to be looked into further. These loans are generally granted on an all-or-nothing basis so if a student doesn't get the loan he might not be able to attend college. This would be a great tragedy.

When looking at the Pell Grants, recent articles and studies show different pictures. If the Pell Grant's standards for qualification are increased and fewer students can qualify, this would also block "access to education." Which is a goal of the current administration.

We need to give Pell Grants to the students who need funds rather than give everybody who needs help a student loan. If student loans begin to increase at high rates as replacements for the students who were receiving Pell Grants then we could have a major problem in our economy in the upcoming years. As students would graduate they would have four years of loans to pay off before they could buy many goods and services beyond the necessities and our economy would suffer.

In our state, financial aid experts thing it's possible that we could lose three or four colleges within the 1980's if the current budget is approved. These would be private schools and it would be primarily because their tuitions and fees are higher and the students would have to attend public schools. The effects on the communities surrounding the schools and the effect on the public institutions would be severe. This result would reelly be in contrast with the Reagan Administration's policy to encourage the private sector to do more so the government can do less.

I think education is solution to the problems of the present and the future. As you listen to this testimony today think about recommitting the federal government to education and the many goals which can be attained by that. Thank you.

TESTIMONY OF UTAH HIGHER EDUCATION STUDENTS REGARDING PRESIDENT REAGAN'S PROPOSED BUDGET CUTS IN STUDENT AID

We, the students of the University of Utah, respectfully submit for your review our belief that equality of opportunity is an invaluable goal that the Federal government should pursue vigorously on behalf of all it's citizens. The concept of educational access—the ability of a student to attend an institution suited to his talents and capabilities rather than one that matches his pocketbook—is an integral part of that vital goal. In view of this issue, we feel that any cutbacks in federal financial aid are entirely inappropriate, and we urge the Congress not to accept any proposals that have such an end in mind.

The effect of the Presidents proposed cuts on students would be severe. In Utah last year, 34,000 students applied for some form of federal aid, and of these, 18,000 were turned away for lack of money. If 25,000 dollars were to be adopted as the maximum adjusted gross income allowable for receipt of federal campus based aid, 1100 students at the University of Utah alone would lose money that is necessary for the continuance of their studies. A ceiling of 4000 dollars on annual receipt of federal aid would further affect 2000 graduate and undergraduate students. Another 800 students would be affected by proposed elimination of the SEOG, SSIG and NDSL programs, and a 32,500 dollar elligibility ceiling on adjusted income for Guaranteed Student Loans would take aid away from 600 students. All told, more than 4500 students at the University of Utah would be deprived of money that they need to continue their educations. The effects of these cuts would be similar if not worse at other institutions of learning throughout the state.

In light of these statistics, we can only ask for your continued commitment to equality and education. Please reject any proposed cutbacks to student aid.

Sincerely,

NED STRINGHAM,
President, Associated Students, University of Utah.
BRETT H. BAILEY,
Public Affairs Board Chair, Associated Students, University of Utah.

PREPARED STATEMENT OF CHARLES A. KIMBELL, PRESIDENT, STUDENT ASSOCIATION, UNIVERSITY OF VERMONT, BURLINGTON, VT

First I would like to express my thanks for this opportunity to speak on an issue of such great importance to society, and to express my views directly to the legislators that have this issue before them. My name is Charles A. Kimbell, and I am here today as an unofficial representative of the state of Vermont. My official title is President of the Student Association of the University of Vermont, the largest postsecondary education institution in the state.

Before we consider the impact of cuts in financial aid to higher education, we must first access the value of postsecondary education in today's society.

It is well understood that a postsecondary education is a vital tool for progress and development, not only for the individual but for our entire society. Democratic ideals and principles can exist and progress depending upon the level of understanding and reasoning abilities of the citizenry at large. The more educated the populous, the greater the possibility of the adherence to and advancement of those ideals and principles. Furthermore, an atmosphere of choice is fundamental to the workings of a democracy, and this is created only by the existence of competing ideas, which evolve from educated minds. It is imperative that these choices exist, and that the level of education of peoples does not remain stagnant or regress, but instead be augmented with well-educated citizens of all backgrounds to provide our society with creative and innovative ideas for the future. In this sense, postsecondary education is something that goes beyond individual concerns and involves and entire society's future.

The federal government in the past ten years has made it possible for most every qualified citizen to receive a postsecondary education through the various loan and grant programs established by the Department of Education. In this sense the federal government has recognized postsecondary education as being vital to the workings of our society, making it an entity that is not separated on the grounds of financial inequality, but rather fused together by intellectual capability. It has been a very important trend in our society to make it possible for those that are not financially able to go to an institution of higher learning of their choice, whether it be a four or two year institution, public or private, liberal arts or vocational. The variety of institutions is an important aspect of education, for they create the element of choice in determining what kind of education a person wishes to receive. Limiting the opportunities for individuals to receive an education of their choice would certainly be contrary to this trend, and detrimental to the development of our society.

The current proposed budget cuts do indeed limit those opportunities. While a need to limit federal deficit spending and to wage a war on the deficit is certainly a top national priority, it should not be done at the expense of educating our society. This needs to become a top national priority, for an educated citizenry is vital to our national security and our development as a people. Postsecondary education must remain a reality for the disadvantaged, not a dream.

It is important that the federal government maintain the current level of support in funding financially-needy students. If anything, the government should increase the amount of funding so that all citizens would be able to receive a postsecondary education. Education is vital to the future of this country and of the world itself. We cannot afford to limit the opportunities open to all of our citizens.

PREPARED STATEMENT OF M. TONY SNELL, GOVERNOR, SOUTH CAROLINA STUDENT LEGISLATURE, COLUMBIA, SC

I speak today as the representative of the college students of the state of South Carolina, not only of our traditional two and four year institutions of higher learning out of our extensive system of technical colleges as well. I serve as Governor of the South Carolina Student Legislature which represents thirty of those institutions.

Less than a month ago our organization voiced its unanimous opposition to President Reagan's proposed 25% reduction in college student aid.

Fifty delegates from fifteen S.C. colleges and universities voted for the resolution, which stated that the student legislature would accept cuts in student financial aid, but could not tolerate cuts at the 25% level proposed. At that meeting I stated that, "the federal government should not balance its budget on the backs of America's college students."

We cited figures showing that the proposed cuts would remove 800,000 Pell Grant recipients and two million students from the loan programs currently operated by the federal government. Much of the burden of these cuts would fall on the middle class, endangering the ability of many students to complete or obtain a college education.

An educated citizenry is the nation's most important defense force and the foundation of economic and cultural growth. Democracy means little to citizens who lack training in history and political science. Sophisticated weapons are useless without trained men and women to operate them.

As a growing part of the new South, South Carolina's students face special problems resulting from cuts in federal student aid programs. A large percentage of our students are members of the first generation of their families to attend college. Many come from modest circumstances and compete for a proportionately smaller group of privately supported scholarships than do students from the north and west where such scholarships have been in existence for many years. The decline in textile manufacturing and agricultural industries has made tuition an insurmountable barrier for many of our high school students. Working one's way through college is difficult since low wages are still the rule in many labor markets.

In the past year South Carolina Governor Richard Riley has made a major commitment to upgrading the state's system of primary and secondary education, currently ranked forty-eighth in the nation. Backed by an increase in sales taxes, the comprehensive plan calls for teacher pay increases, facilities improvement and increased funds for teaching materials. Throughout the plan the need to provide the schools with a supply of well trained teachers is evident—teachers trained in colleges. If successful, the plan would offer the students of South Carolina an opportunity to improve the quality of their lives through education. Unless that opportunity is supported by federal funds for student aid, our states' students will never have an opportunity to reach their full potential and their education will end with high school.

South Carolina has made great strides to improve the quality of life for its citizens through higher education. The University of South Carolina, under the leadership of President James B. Holderman, has reached out to nations around the globe, promoting international understanding and industrial development. Clemson University has provided sophisticated extension services to our states farmer's for more than fifty years, taking them from contour plowing to computers. Our statewide system of technical colleges has provided thousands of citizens with the skills needed to qualify for high paying jobs in new industries and provided industry with the skilled workers it needs to compete with foreign industry. The Charleston Higher Education Consortium of colleges, has stimulated the economic and cultural development of the state's historic Lowcountry. Other colleges from around the state have made their contributions to the development of their communities, state and union.

The lifeblood of all of these institutions are their students. Without federal aid, many of those students will be forced to compromise their education by working two jobs and attending classes in a state of exhaustion. If very many of those students abandon their educations, the very institutions they attend will be endangered. In the Palmetto State one college has already died. Friendship College, an institution established in 1891 which had a student body of 368 in 1984 is gone, except for a campus of empty classrooms and forgotten dreams.

It is up to our Congress and our President to make sure that the doors of our colleges stay open to the young people of America. The difficult questions of war and peace have not yet been answered. The key to atomic fusion is yet not found. The mechanism to make our economy ensure the prosperity and happiness of all of our citizens has not been discovered. The answers to these problems may exist in the minds of students that are in our colleges and high schools today. They are not likely to be discovered by a student weary from two back to back shifts as a busboy. They will never be found if that student cannot make it to a college classroom at all.

Members of the committee, one college loan is certain to enrich one life. It may enrich the lives of millions. I know you have the wisdom to recognzie the truth of these words. I trust you will have the courage to apply them.

PREPARED STATEMENT OF DAVID W. BALLARD, VICE PRESIDENT, DELAWARE UNDERGRADUATE STUDENT CONGRESS, UNIVERSITY OF DELAWARE

The University of Delaware has 13,000 students 8,000 of whom receive some form of financial aid. In other words, 60 percent of our University population requires financial assistance in maintaining their academic status. The financial aid program administers more than $20 million each year to help students meet their educational expenses. Of this sum, approximately 80 percent is from federal programs. President Reagan's budget proposal for Fiscal Year 1986 calls for major reductions in federal student aid programs. With the high percentage of students that rely on this aid, the impact of Reagan's proposal on the University of Delaware would be devastating.

At this time, some 6,000 students are involved in the Pell Grant, Supplementary Educational Opportunity Grants, State Student Incentive Grants, National Direct Student Loans, and the Guaranteed Student Loan Programs. These federal aid funds will be eliminated or greatly reduced by 1986. In fact, we project that approximately 3,500 students at the University of Delaware will have their federal student financial aid programs eliminated or greatly reduced as a result of the FY-86 budget proposals. The amount of federal student aid cuts would total approximately $6-7 million. Although this data has been calculated from the original proposals, the "compromises" would be harmful.

Of the students awarded financial aid, 59.1 percent receive a Guaranteed Student Loan. Many students will be affected by the proposed $32,500 gross income ceiling restriction. Also slated for reduction or elimination is the National Direct Student Loan which encompasses 1,207 students, and the Supplemental Educational Opportunity Grant, awarded to 500 students. It is obvious that these federal programs are essential to our University. When many of these programs were inaugurated, particularly the National Direct Student Loan, it was for purposes of educational betterment, to maintain a country of achievement over our competitors. Unfortunately, the Reagan budget proposal wants to eliminate this academic consciousness.

We in the Delaware Undergraduate Student Congress are concerned about President Reagan's proposals, and the effects it will have on our University. Access to higher education has grown immensely in the past 10 years. It is through financial aid programs that a more diverse population is attending college today. Along with the individuals, our society is greatly enhanced by the new found education level. Eliminating the financial aid programs would stagnate our Universities, and our ever expanding country.

Respectfully submitted.

DAVID W. BALLARD,
Vice President, D.U.S.C.

Note: The date in this paper was obtained from the Financial Aid Office of the University of Delaware.

Program	Number of awards cut fiscal year 1986[1]	Current number of awards cut fiscal year 1984	Dollar cuts fiscal year 1986
Pell	282	1,588	100,000
SEOG	477	500	342,263
SSIG	281	281	191,000
NDSL	441	1,287	352,938
GSLP	3,600	6,000	5–6,000,000
Number of awards	4,481	9,626	N/A
Unduplicated number of students affected	3,500	6,000	6–7,000,000

[1] The above figures are based on President Reagan's proposal.

Note: Above data obtained from U.D. Financial Aid Office.

APRIL 29, 1985

Whereas, the future growth of this country and the overcoming of our debt crisis is reliant on a well educated society;

Whereas, access to higher education should not be restricted by economic class;

Whereas, Federal Financial Aid funding has not increased to compensate for rising tuition costs;

Whereas, students at the University of Delaware have suffered tuition increase amounting to an 81% increases since FY-81 in-state tuition;

Be it resolved, That that students at the University of Delaware oppose any cuts in FY-86 Federal Financial Aid budget.

Respectfully sumbitted,

JOAN PAULEY,
Lobby Committee Chair.

Note: The above resolution was unanimously passed by the Delaware Undergraduate Student Congress (D.U.S.C.).

COMMONWEALTH ASSOCIATION OF STUDENTS,
Harrisburg, PA, May 6, 1985.

Mr. MELVIN LOWE,
University Student Senate, 535 East 80th Street, New York, NY.

DEAR MELVIN LOWE: Enclosed please find statistics on how the Reagan student aid cuts will effect the 14 State-owned universities CAS represents in Pennsylvania.

Although the numbers themselves are devastating already, many financial aid directors have said the effects will be considerably worse.

Best of luck to you in your fight—our fight for the students of this country.

For the association,

MICHELE L. KESSLER,
CAS Legislative Director.

Enclosure.

THE IMPACT OF THE REAGAN ADMINISTRATION PROPOSED BUDGET CUTS AND PROGRAM CHANGES ON FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAMS FOR FISCAL YEAR 1986

The Commonwealth Association of Students [CAS] represents the interests of the 81,000 students attending the fourteen universities of the Pennsylvania State System of Higher Education. We firmly believe that every citizen of this Commonwealth and these United States has a guaranteed right to a quality, equal college education no matter the person's race, sex or socio-economic background.

Although we are greatly appreciative of being given the opportunity today to present to you some of the economic facts of life of our students, we are at the same time angry that we must again be forced to wipe clean the insulting picture of students that has been painted by the Reagan Administration. We are angry that this in compassionate White House leadership has attempted once again to justify their proposed educational budget cuts by portraying dedicated students as freeloaders who use this money to buy stereos and vacations instead of for their education.

According to U.S. Secretary of Education, William J. Bennett, the Administration's proposed cuts to student financial assistance programs would call for "some divestiture of certain sorts—stereo divestiture, automobile divestiture, three-weeks-at-the-beach divestiture." It seems to us, however, that Mr. Bennett has put the proverbial "cart before the horse" by making such statements without first examining the obvious impact of these proposed cuts and program changes. We intend to present to you today just a few of these terrifying facts.

Mr. Ken Reeher, Executive Director of the Pennsylvania Higher Education Assistance Agency [PHEAA] clearly outlined the devastating impact which these cuts would have on our Commonwealth in a recent letter to Pennsylvania's Congressional Delegation.

According to this letter, the Administration's proposals to eliminate from the Guaranteed Student Loan Program [GSLP] students from families with annual incomes above $32,500 and to apply the federal needs analysis to families below $30,000 would cause over 100,000 Pennsylvanians to either lose their loans completely or face a serious reduction in the amount of their loans. This would equal a loss of almost $210 million to citizens of our state. Added to this would be the losses in grant aid through Pell Grant restrictions and the elimination of the State Student Incentive Grant [SSIG] and Supplemental Educational Opportunity Grant [SEOG] programs totaling $36.86 million, a 22 percent reduction in grant aid for Pennsylvanians from our current levels. (It should be noted that the SSIG and SEOG programs serve primarily students from low-income families).

Taken as a whole, these cuts represent a loss in aid dollars to 40 percent of our full-time students and a 30 percent in available aid dollars for Pennsylvanians from state and federal resources.

We were able to acquire some statistics from 2 of the 14 state-owned universities—Bloomsburg University (enrollment 5000) and West Chester University (enrollment 9,500)—statistics which are even more horrifying than we expected. According to Tom Lyons, Director of Financial Aid at Bloomsburg University, over 50 percent of the students at the university will have their GSLs either eliminated or severely decreased. Specifically, 850 students will be totally eliminated from the GSL program and 1,943 students, whose families have income below $32,500, will have their aid decreased an average of $1,000 per student. Lyons predicted "devastating" effects for Pell Grant recipients whose family income is between $12,000 and $25,000.

According to Rose Mary Stelma, Assistant Director of the West Chester Financial Aid Office, 50–55 percent of their current GSLP recipients would become ineligible and 20 percent of their Pell Grant recipients would become either ineligible for grant aid or their grants would be drastically reduced. This means that 20–25 percent of the total West Chester student body would have to make the decision of their lives—whether or not—or how—to complete their college education. For most of them, it won't even involve a decision—they will be forced to quit school.

We would be remiss in not making one statement about what seems to be the underlying philosophy of the Reagan Administration in his budget proposal. It seems clear to us that President Reagan's real goal is to return America to a two-tiered system of higher education where the wealthy get the best education while the middle-class and the poor get fed the meager leftovers. This is a completely unacceptable philosophy, one which must emphatically be rejected by the U.S. Congress.

Probably the best argument for student aid was expressed in a February 14, 1985 editorial in The Philadelphia Inquirer where they described low-interest college loans as a subsidy for the middle-class and the poor but a subsidy that "does not serve a narrow special interest. It is an investment in the national interest, in humankind, in the future, the common defense, and the general welfare."

We cannot express the need to maintain these programs any better. If President Reagan's proposed budget cuts are passed, there will be only one divestiture—a divestiture from improving the quality of life for all Americans and for America's best defense—an educated citizenry. This is one divestiture that America simply cannot afford.

PHEAA ESTIMATES OF EFFECTS OF REAGAN ADMINISTRATION BUDGET PROPOSALS FOR FEDERAL FINANCIAL AID STATE SYSTEM OF HIGHER EDUCATION

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984–85	1985–86	Losses	Percent lost
Borrowers	34,075	25,384	8,691	25.5
Dollars	$62,649,559	$48,239,620	$14,405,939	23.0

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	6,832	20.1	3,351	9.8	10,183	29.9
Dollars	$4,955,045	7.9	$5,528,642	8.8	$10,483,687	16.7

III. Combining the effects of both the preceding proposals would cause: 18,874 borrowers to lose $24,889,626 in GSLP loans; 55.4 percent of the 1984-85 borrowers lose 39.7 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984–85	Eliminated awards	Percent lost
Pell recipients	21,513	2,904	13.5
Dollars received	$25,157,647	$2,326,913	9.3

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984–85	NDSL program 1984–85
Institution will lose:		
Recipients	3,120	3,930
Dollars	$1,934,837	$779,461

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 1,121 State Grant recipients to lose $1,018,731.

PHEAA ESTIMATES OF EFFECTS OF REAGAN ADMINISTRATION BUDGET PROPOSALS FOR FEDERAL FINANCIAL AID

Institution: Indiana University of Pennsylvania, PHEAA Code Number: 011031.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984-85	1985-86	Losses	Percent lost
Borrowers	5,807	4,042	1,765	30.4
Dollars	$10,004,266	$7,220,892	$2,783,374	27.8

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	1,136	19.6	564	9.7	1,700	29.3
Dollars	$895,514	8.9	$907,949	9.1	$1,803,463	18.9

III. Combining the effects of both the preceding proposals would cause: 3,465 borrowers to lose $4,586,837 in GSLP loans, 59.7 percent of the 1984-85 borrowers lost 45.8 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984-85	Eliminated awards	Percent lost
Pell recipients	3,699	569	15.4
Dollars received	$4,223,366	$441,732	10.5

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984-85	NDSL program 1984-85
Institution will lose:		
Recipients	1,042	986
Dollars	$645,895	$186,980

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 233 State Grant recipiants to lose $182,161 in awards.

Institution: Bloomsburg University of Pennsylvania, PHEAA Code Number: 011001.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984-85	1985-86	Losses	Percent lost
Borrowers	2,765	1,943	822	29.7
Dollars	$5,160,866	$3,762,621	$1,398,245	27.1

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	587	21.2	246	8.9	833	30.1
Dollars	$458,167	8.9	$379,589	7.3	$837,756	16.2

III. Combining the effects of both the preceding proposals would cause: 1,655 borrowers to lose $2,236,001 in GSLP loans; 59.9 percent of the 1984-85 borrowers lose 43.3 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984-85	Eliminated awards	Percent lost
Pell recipients	1,672	247	14.8
Dollars received	$1,841,297	$188,729	10.2

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984-85	NDSL program 1984-85
Institution will lose:		
Recipients	266	330
Dollars	$164,667	$132,732

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 76 State Grant recipients to lose $52,270 in awards.

Institution: Kutztown University of Pennsylvania, PHEAA Code Number: 011036.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984-85	1985-86	Losses	Percent lost
Borrowers	2,363	1,701	662	28.0
Dollars	$4,211,637	$3,121,970	$1,089,667	25.9

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	578	24.5	245	10.3	823	34.8
Dollars	$481,419	11.4	$381,397	9.1	$862,816	20.5

III. Combining the effects of both the preceding proposals would cause: 1,485 borrowers to lose $1,952,483 in GSLP loans; 62.8 percent of the 1984-85 borrowers lose 46.4 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984-85	Eliminated awards	Percent lost
Pell recipients	1,166	196	16.8
Dollars received	$1,319,018	$171,210	13.0

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984-85	NDSL program 1984-85
Institution will lose:		
Recipients	89	226
Dollars	$55,200	$78,811

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 64 State Grant recipients to lose $44,696 in awards.

Institution: Shippensburg University of Pennsylvania, PHEAA Code Number: 011056.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984-85	1985-86	Losses	Percent lost
Borrowers	2,231	1,517	714	32.0
Dollars	$4,333,913	$3,126,788	$1,207,125	27.9

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	318	14.3	114	5.1	432	19.4
Dollars	$221,068	5.1	$254,236	5.9	$475,304	11.0

III. Combining the effects of both the preceding proposals would cause: 1,146 borrowers to lose $1,682,429 in GSLP loans; 51.4 percent of the 1984-85 borrowers lose 38.8 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984-85	Eliminated awards	Percent lost
Pell recipients	1,130	174	15.4
Dollars received	$1,288,828	$138,046	10.7

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984-85	NDSL program 1984-85
Institution will lose:		
Recipients	100	270

	SEOG program 1984–85	NDSL program 1984–85
Dollars	$62,187	$41,671

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 97 State Grant recipients to lose $67,595 in awards.

Institution: Millersville University of Pennsylvania, PHEAA Code Number: 011051.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984–85	1985–86	Losses	Percent lost
Borrowers	2,507	1,888	619	24.7
Dollars	$4,009,538	$3,096,044	$913,494	22.8

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	551	22.0	402	16.0	953	38.0
Dollars	$406,120	10.1	$548,119	13.7	$954,239	23.8

III. Combining the effects of both the preceding proposals would cause: 1,572 borrowers to lose $1,867,733 in GSLP loans; 62.7 percent of the 1984-85 borrowers lose 46.6 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984–85	Eliminated awards	Percent lost
Pell recipients	1,319	173	13.1
Dollars received	$1,499,746	$143,727	9.6

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984–85	NDSL program 1984–85
Institution will lose:		
Recipients	83	232
Dollars	$51,579	$66,500

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 87 State Grant recipients to lose $64,853 in awards.

Institution: Slippery Rock University of Pennsylvania, PHEAA Code Number: 011061.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984-85	1985-86	Losses	Percent lost
Borrowers	2,614	1,974	640	24.5
Dollars	$5,106,137	$3,991,094	$1,115,043	21.8

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	575	22.0	187	7.2	762	29.2
Dollars	$388,748	7.6	$331,682	6.5	$720,430	14.1

III. Combining the effects of both the preceding proposals would cause: 1,402 borrowers to lose $1,835,473 in GSLP loans; 53.6 percent of the 1984-85 borrowers lose 35.9 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984-85	Eliminated awards	Percent lost
Pell recipients	1,714	233	13.6
Dollars received	$1,983,913	$170,730	8.6

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984-85	NDSL program 1984-85
Institution will lose:		
Recipients	237	343
Dollars	$146,725	$46,610

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 95 State Grant recipients to lose $69.854 in awards.

Institution: Edinboro University of Pennsylvania, PHEAA Code Number: 011026.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984-85	1985-86	Losses	Percent loss
Borrowers	2,860	2,236	624	21.8
Dollars	$5,491,184	$4,459,934	$1,031,250	18.8

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	674	23.6	360	12.6	1,034	36.2
Dollars	$406,276	7.4	$635,948	11.6	$1,042,224	19.0

III. Combining the effects of both the preceding proposals would cause: 1,658 borrowers to lose $2,073,474 in GSLP loans; 58.0 percent of the 1984–85 borrowers lose 37.8 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984–85	Eliminated awards	Percent lost
Pell recipients	1,707	218	12.8
Dollars received	$2,019,461	$170,900	8.5

V. Eliminating federal capital contributions to the SEOG and NDSL programs: .

	SEOG program 1984–85	NDSL program 1984–85
Institution will lose:		
Recipients	177	343
Dollars	$109,803	$11,669

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 76 State Grant recipients to lose $51,933 in awards.

Institution: East Stroudsburg University of Pennsylvania, PHEAA Code number: 011021.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984–85	1985–86	Losses	Percent lost
Borrowers	1,414	1,064	350	24.8
Dollars	$2,616,771	$2,014,680	$602,091	23.0

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	279	19.7	134	9.5	413	29.2
Dollars	$201,084	7.7	$216,291	8.3	$417,375	16.0

III. Combining the effects of both the preceding proposals would cause: 763 borrowers to lose $1,019,466 in GSLP loans; 54.0 percent of the 1984–85 borrowers lose 39.0 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984-85	Eliminated awards	Percent lost
Pell recipients	1,027	159	15.5
Dollars received	$1,184,052	$129,968	11.0

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984-85	NDSL program 1984-85
Institution will lose:		
Recipients	217	244
Dollars	$134,575	$44,147

Note: All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 64 State Grant recipients to lose $46,857 in awards.

Institution: Cheyney University of Pennsylvania, PHEAA Code Number: 011011.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984-85	1985-86	Losses	Percent lost
Borrowers	1,129	1,084	45	4.0
Dollars	$1,832,065	$1,756,039	$76,026	4.1

II. Restricting GSLP borrowng to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	200	17.7	89	7.9	289	25.6
Dollars	$138,273	7.6	$157,989	8.6	$296,262	16.2

III. Combining the effects of both the preceding proposals would cause: 334 borrowers to lose $372,288 in GSLP loans; 29.6 percent of the 1984-85 borrowers lose 20.3 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984-85	Eliminated awards	Percent lost
Pell recipients	1,064	41	3.9
Dollars received	$1,494,658	$41,137	2.8

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984-85	NDSL program 1984-85
Institution will lose:		
Recipients	499	0

	SEOG program 1984–85	NDSL program 1984–85
Dollars	$309,345	$0

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 122 State Grant recipients to lose $82,441 in awards.

Institution: California University of Pennsylvania, PHEAA Code Number: 011006.

I. Prohibiting GSLP borrowing for students with incomes above $32,500:

	1984–85	1985–86	Losses	Percent lost
Borrowers	2,360	1,886	474	20.1
Dollars	$4,587,206	$3,748,212	$838,994	18.3

II. Restricting GSLP borrowing to remaining need for students with incomes below $32,500:

	Reduced loans	Percent	Eliminated loans	Percent	Total effects	Percent
Borrowers	374	15.9	289	12.2	663	28.1
Dollars	$250,564	5.5	$529,825	11.5	$780,389	17.0

III. Combining the effects of both the preceding proposals would cause: 1,137 borrowers to lose $1,619,383 in GSLP loans; 48.2 percent of the 1984–85 borrowers lose 35.3 percent of their loans.

IV. Prohibiting Pell Grant awards to students with family incomes above $25,000:

	Current 1984–85	Eliminated awards	Percent lost
Pell recipients	1,733	187	10.8
Dollars received	$2,065,512	$152,541	7.4

V. Eliminating federal capital contributions to the SEOG and NDSL programs:

	SEOG program 1984–85	NDSL program 1984–85
Recipients	113	260
Dollars	$70,318	$42,140

Note.—All SEOG dollars would be lost. Institution would still be able to make NDSL awards from its revolving fund. Amounts are unknown to PHEAA.

VI. Cutting the SSIG federal appropriation to zero with a corresponding loss of Pennsylvania matching funds would cause: 103 State Grant recipients to lose $79,099 in awards.

Prepared Statement of Debra A. Chapelle, NSSA Executive Director, Nebraska State Student Association, Lincoln, NE

The Nebraska State Student Association is an organization of students from four-year state supported institutions of higher education in Nebraska. Membership in our organization currently stands at approximately 42,000 from across the state, including the students of the University of Nebraska-Lincoln, Peru State College, the University of Nebraska-Omaha, Wayne State College and Chadron State College. It is on behalf of this membership that I offer the following comments regarding the current and future need for student financial aid.

To better understand the need for student aid in Nebraska, it is important to be familiar with the make-up of the students themselves. In 1984 the total head count enrollment for postsecondary institutions in Nebraska was 97,663. Of these students, 56 percent were enrolled in public four-year institutions, 26 percent in public two-year institutions, and 18% in independent institutions. Over 65 percent of Nebraska high school graduates go on to some form of higher education. In 1984, 88.7 percent of those first time full-time freshmen in all public postsecondary institutions were from Nebraska, while only 49 percent of those enrolled at the independent institutions were of this state.

Despite projections that implied a drop in enrollment, public institutions have recorded a 7.7 percent increase from 1980 to 1984. Also increasing is the number of non-traditional students within public institutions. It is estimated that over 30 percent of the student population is 25 years old, or older.

Of the students attending public institutions, it is also estimated that over 50 percent rely on some form of financial assistance to finance their higher education. Of the aid utilized for fiscal year 1982–83, 58 percent was in the form of federal loans, 35 percent in the form of grants and work-study, and the remainder was represented by tuition remissions. With the exception of the tuition remission, Nebraska offers no state based financial assistance to students. Nebraskans have also registered one of the nation's lowest default records.

The need for financial assistance is evident in the percentage of increase in tuition at public institutions from 1977–1984. Since 1977, resident, under-graduate tuition has increased 64 percent at the University of Nebraska, 61 percent at the Nebraska State Colleges, and 61 percent of the Technical Community Colleges. These figures do not include the 148 percent tuition increase at the University of Nebraska Medical Center.

From this information it is clear that the state of Nebraska, and its students, take pride in the system of postsecondary education it has built. The number of Nebraskans who strive for excellence through higher education, and the quality of the education available to them is the result of the long standing recognition of our state that higher education is an investment in the future.

Nebraska, and the system of education it has built, has reached a critical point in its history; a point which has placed students in a particularly vulnerable position. In the recent past, Nebraska students have dealt with increasing costs in higher education, and a decreasing commitment to student aid on the federal level. It is estimated that the total unmet need in student aid is approaching $22 million. This figure does not include the $8.659 million of estimated loss in aid, should the administration's fiscal year 1986 proposals be adopted. By any definition, there exists in Nebraska a substantial, continuing need for financial assistance to students.

Unfortunately, the extent of the problem does not end here. The people of Nebraska currently find themselves embroiled in a devastating financial crisis in the agricultural sector. As a state whose economy is derived by the agricultural economy, the current situation brings an even sadder dimension to the discussion of higher education and student aid. For students from farm backgrounds, the situation is most critical. These students are faced with the reality that their families are fighting for their economic survivals. I have lost count of the students who over the last few years have told me that while their families want to help them through college, they simply can not afford to. Without student aid, many of these students would be excluded from the institutions of higher education.

The second reality of the farm crisis involves the state as a whole. All economic indicators show that the devastation in the farm sector has adversely affected the economy of the state. The data points toward a need to diversify the economy of the state to reduce the dependence on, and therefore the devastation from, the agricultural economy. To achieve this, the state colleges and universities must play a vital role. The training and retraining of Nebraskans for new industry is a necessity. Under great economic strain the state is preparing its educational institutions for this endeavor. Without access to the institutions, however, the quest of moving the people of Nebraska from economic despair to prosperity would be an impossible undertaking.

It can not be denied that in the current economic situation of my state, and of our nation, access to higher education demands availability of student financial assistance. It is the recognition of this fact that has brought grave concern over the fiscal year 1986 proposals for student aid funding.

At a time when the need for student aid is out-distancing the availability for such aid, a proposal which calls for a reduction of over 25 percent of the total appropriations is completely without merit. Any short term gains in savings by such methods would be overshadowed by long term losses resulting from slamming the door of opportunity in the faces of over a million students nationwide.

Students understand, however, the necessity for deficit reduction. Given the small portion of the federal budget represented by funds for student aid, the size of the proposed reduction is clearly unequitable. During the debate on deficit reduction, higher education and student aid must be placed near the top of our national priorities. To do less would be to compromise the very entity that we are fighting to preserve: our future.

In addition to the call for severe budget reductions, the FY 86 budget proposal calls for numerous substantive changes in the structure and delivery systems of the programs in question. In the interest of fairness and efficiency the debate on such issues should be excluded from the appropriations process. The proper place for such discussions is in the reauthorization process and should remain there.

Given that we are now in the discussion phase of the reauthorization process, the FY 86 proposal includes provisions which must be addressed. Proposals calling for family income caps, for example, must be approached with a great caution. On the surface, the proposal would appear to add a dimension of efficiency to the programs involved. Upon closer examination, however, there is a great danger that this method would create severe barriers to many students in need of student aid. The method relies on the paper worth of the student and his or her family. In the farm belt particularly, such estimates of worth are often useless in determining the amount of money a family can devote to financing higher education. While the assets of such families appear to be high, the debts in terms of machinery, land value, operating cost, and the like pushed the real income of the family into the red.

There can be on doubt that efficient administration of student aid programs is necessary to assure that aid is available to those who need it, and to minimize abuse in the programs. The creation of arbitrary ceilings, however, would provide more barriers than enhancements to this goal.

Another area which has received great attention is the "Self-help" concept for student aid. In general, the concept implies that students and their families must bear a greater financial burden in financing a student's education. Though well intended, the concept ignores two important factors. First of all, students are already required to provide a significant portion of the cost of their education within their student aid package. Secondly, families throughout the nation continue to be constrained by a struggling economy which has reduced both their disposable income, and the purchasing power of the disposable income they do maintain. Finally, the "Self-help" concept again sets up barriers through arbitrary definitions. While it may be proper to expect students to work over the summer for educational funds, students who can not earn the specified amount because they reside in an area of high unemployment, or spend their summer helping their families farm or business survive should not be penalized.

The process of reauthorization offers all the opportunity to make higher education and student aid a more equitable and efficient proposition. For example, over the last few years there has been a significant shift in the usage of grant aid and loan aid for students. In 1975–76 approximately 80 percent of student aid was in the form of grants, in 1984–85 this figure went down to less than 45 percent. The increasing dependence on loan aid has brought with it great concern regarding the debt burden facing college graduates. Beyond the personal difficulties experienced by students' large debts, the economy of the nation cannot afford graduation of a debtors class from our colleges and universities.

Every effort must be made to minimize the debt burden of graduating students. Providing greater opportunities related to grant aid would do much in this regard. The ability to consolidate loans would also be helpful. Consolidation of loan obligation would provide greater efficiency for the student and the government in the repayment period.

Efficiency in the student aid delivery system is another area which needs adjustment and improvement. Under the current system the information on what aid is available, to what students, under what criteria, is often not available to students or arrives to late in the year to allow students to plan their academic careers properly. Added to this situation is the fluctuations in regulations and appropriations suffered by such programs in recent years. The result is a very complex and confusing system. Financial Aid Officers of the nation should be commended for their efforts to guide students through this process. But, for all their expertise and dedication, the fact remains that there is too often too little reliable information available, and what there is comes too late.

These are just a few areas that demand attention as the reauthorization process of the Higher Education Act continues. It will be vital that exchanges such as these, between students and decision-makers also continue. There can be no doubt that to move forward in higher education, as we must, everyone must work together.

On behalf of the Nebraska State Student Association I would like to thank Chairman Ford, the members of the Subcommittee on Postsecondary Education, and my friends at the City University of New York for making this opportunity available.

If at any time, as the process continues, we can be of assistance to you, please do not hesitate to contact us. We stand ready to do our part in the promotion of quality, accessible higher education, in Nebraska, and throughout the nation.

PREPARED STATEMENT PRESENTED BY SUSAN BOETTCHER, MCCSA, LEGISLATIVE DIRECTOR, ON BEHALF OF THE COMMUNITY COLLEGE STUDENTS OF MINNESOTA, MINNESOTA COMMUNITY COLLEGE STUDENT ASSOCIATION

Mr. Chairman and members of the committee, higher education has in the last twenty years become the most strategic tool available to any nation for building economic security. For this reason I am pleased to be presented this opportunity to share the views of the Minnesota Community College Student Association with you as you consider the reauthorization of the Higher Education Act. My name is Susan Boettcher, I am the Legislative Director for our Association.

Concern for Higher Education and student access to the benefits of higher education is synonomous with concern for our national economy. All informed citizens understand that the world's economy is in a state of transition; we are moving from a simple labor, based, industrial economy to a highly complex, knowledge based, technological economy. The symptoms of this transition are multiple and widespread. At the broadest levels this transition is responsible for swings in our economy between short recoveries and deepening recessions beginning in the early 1970's. Our once proud people are still proud, but they are uncertain of themselves and this rapidly changing world. They now have deep misgivings about the promise of our future.

We have watched your reactions to the duress of our people and have heard claims of solutions based upon reduction of the defecit through budget cuts, balancing trade through competition and protection, and raising revenues through increased productivity. We recognize the contradictions in these statements just as you want recognize the contradiction of improving our economy while reducing the federal commitment to the Higher Education Act. The ever so slight reduction in the deficit yielded through significant cuts to programs vital to higher education reflects a misplaced priority.

Minnesota, located in the northernmost central United States is the home of such renowned corporations as 3M, Control Data, Honewell, and Sperry Univac. But our state is also illustrative of the nation overall. The companies I just mentioned are concentrated in our Twin Cities metro area; it is an urban economy increasingly technological in nature. The rest of our state is largely rural with an agricultural, mining, and lumber economy. The states surrounding us are most like our rural region, with the possible exception of Illinois, and all of us are suffering dramatic economic hardships. In the face of these hardships our leaders, as you yourselves must, recognize that the future hope of this country is more likely represented by the urban technology center than the traditional labor industry economies. Yet, even here, in the technology center of our state, progress is constrained by the need for development assistance. Tax relief is necessary because of low profit margins, but no matter how much we relieve their burden of taxation, private companies are profoundly limited in how much they can do to revitalize America's economy. Nationally, private capital is needed and must be committed to rebuilding and retooling our enterprises. Public capital is required to complete the job they can only begin, you, our nation's stewards, must create a more modern workforce.

In our state's community college system we have witnessed an eighteen percent enrollment increase which has coincided with a fourteen percent decrease in high school graduates. We see a pronounced and growing demand everywhere in our state for the benefit of post-secondary education. It is one symptom of a recognition within the conventional wisdom, of our national wellbeing becoming dependent upon access to knowledge and education. Our citizens, like citizens everywhere, have heard for many years and believe rightly that education expands the horizons of one's opportunities, not just for the young but for your own contemporaries who we find now amongst our students. I am confident that the position of the executive office and the Senate must trouble you as much as our people are troubled to find that hard, honest work is simply not enough anymore. It is no longer a matter of whether or not they can afford to get some education, it has become a question of whether or not they can afford not to.

We owe the statute of our nation to the industry of our people. To this very moment we have preserved in our Minnesota communities a work ethic that would make your grandparents proud. If we cannot succeed to translate the strong work values of the people of our nation to meet the demands of a technological world, we are placing the country in peril. We simply cannot afford to let the up by the boot strap ethic that has pulled us through in the past fail because of a lack of national leadership.

There is no question but that access to higher education for all who are able is vital to American economic renewal. Years of prosperity have built up a cushion that will buffer us for a period of time from more uncomfortable effects of avoiding this realization. You must pause as we did in our state office to consider the public trust you carry. Is it ultimately wiser to return more and more of the public trust to the hands of households where it can only be spent in consumption, certainly this fueling of consumption in the economy has some value, or it it wiser to invest some equivelent portion of that trust in the common good? Where could that investment be more productive for the nation than in education? We are confident that time will bear this truth out, that the only thing more expensive than an education up to the level needed for America's technological society is the lack of one.

Returning to the immediate question of the level of reauthorization of the Higher Education Act, we cannot help but recognize the political progmatics of the situation before you, even though we wish in our hearts that you would take a bold stand for increasing access to higher education through expanded federal assistance. The wisdom of that act would be lost on no one.

That any cuts or limitations imposed upon the Higher Edcucation Act would have adverse effects upon access to higher education has been so clearly substantiated in other testimony here today and recently in Washington that I need say little more. Let it suffice to add that for the community college system of Minnesota it is probable that we would loose between seven and ten percent of our enrollees. This is a significant number, and the loss of these students would raise tuition costs for those remaining which actually could compound the loss.

Our greatest specific concerns are for the Pell grants, and for the classification of independent students. We have found that the age limit of twenty two years of age is a far too arbitrary guideline for determination of independent status as it has no recognizable basis in reality despite the abuse of the present system by some. Barring a bold initiative by the majority party in the House to reassert it's progressive social concerns, we recommend that you legislate a continuation of the previous policies with increases for inflation. This, of course, will continue the trend of financial aid assistance falling further behind the costs of tuition, yet places the House in a reasonable bargaining position with the Senate.

In the coming year we hope that you will critically evaluate the adequacy of the Higher Education Act for its ability to meet the need of encouraging the level of access to educational opportunity called for by our developing economic situation. We also hope that you will consider the inequities of it's traditionally based assumption in light of the growing population of non-traditional students.

Given all that I have yet said, your Senate colleagues may continue to argue the reasonability of shifting the federal responsibility toward higher education access to the states. The first matter to be considered in this regard is the impact on the developing environment of higher education. There is now throughout education, a major reform movement underway. After years of oversight, great focus is being directed upon reinforcement of excellence. The impact of a shift of your responsibility to the states would strain state resources which would be rallied to prevent the kind of enrollment declines that unchecked would be certain to ensue. The loss of these funds would not only diminish operating budgets, but would be certain to preempt vital program developments.

I have already discussed the demands of technological developments on our citizens requiring them to obtain higher levels of education. Technology is also straining education itself. Colleges and universities are fighting to keep pace with technology so as to continue to provide a responsible if not adequate education to their students. We see the results every year in tuition increases greater than the rate of inflation. All states are suffering through this challenge and federal assistance directed to their assistance in this cause remains a consideration for future Congressionally sponsored programs.

Finally, I must in good conscience leave you with this understanding. While I believe that Minnesota will continue to hold its own, our sharing regionally and nationally with our counterpart student associations has revealed to us that some states' economies cannot sustain progress and improvements to their higher education system under the constraints of their economic hardship. It is your duty, second only to the national defense, to maintain the integrity of the states, please grant us that you will act soon to ensure that no state is caught in a downward spiral of dwindling opportunity for its citizens, that there will never be a second class state in our union. The union must be preserved strong and whole for future generations. Education must remain our guiding light of hope.

Thank you again for this sharing of understanding from the community college students of Minnesota.

PREPARED STATEMENT OF KAYLEEN KOTT, CHAIRPERSON, UNIVERSITY OF CALIFORNIA STUDENT BODY PRESIDENT'S COUNCIL, ASSOCIATED STUDENTS OF THE UNIVERSITY OF CALIFORNIA

Mr. Chairman and members, thank you for this opportunity to testify on the federal financial aid cuts that have been proposed by President Reagan and the Senate Republicans.

I would like to preface my remarks by highlighting the extreme importance our 141,000 University of California students place in financial aid programs. Simply stated, it is our belief that there is no better investment in the future of our country than programs designed to help people advance their educations. Our national commitment to educational advancement pays huge dividends in higher rates of productivity, higher tax revenues resulting from higher salaries, lower rates of unemployment, and lower rates of crime and the costs that crime entails.

Please keep in mind these are only the quantifiable benefits of an educated society. It is impossible to calculate the potential scientific or medical breakthroughs that could be made by a student destined to be pushed out of school by the President's proposal. In addition, it is impossible to estimate the value of maintaining a society that holds education and a love of learning at the top of our national priorities.

The President's proposed financial aid budget threatens that commitment and all the tangible and intangible benefits that go with it.

Because the levels of the proposed financial aid cuts are in a state of almost constant flux, it is nearly impossible to compile up to date impact statements on what the proposals would mean in practice. We do know, however, that the President's original proposal would be devastating to California students. Estimates compiled by the University of California project that nearly 50% of California financial aid recipients would be negatively impacted by the proposal. It is also crucial to note that these estimates do not include the effect of declining allowances to lending institutions. If significantly fewer institutions choose to participate in the GSL program due to the cuts, the impact on students would be even greater.

My point here is not to precisely quantify how many students will be prevented from advancing their educations as a result of these proposals; I'll let the financial aid experts do that. My goal is to articulate the central role federal financial aid must play in providing accessible education to our population.

While inflation is under control in most segments of the economy, it is woefully out of control in higher education. Fees at the University of California have risen 70% since 1980, our campuses are located in some of the most expensive rental housing markets in the world, and the part-time job market for students is still very tight. In short, the financial situations being faced by our students calls for more, not less, financial aid.

Some people argue that parents should assume a greater responsibility for their childrens' education. Others argue that financial aid cuts are the only way to achieve cost containment in higher education. But when parents and college administrators are unable or unwilling to meet their governmentally imposed obligations, who is made to suffer? Students.

In the case of increased expectations for parental contributions, I am unclear as to why this obligation has come to represent the cornerstone on which the proposed cuts are being viewed as feasible. If this presumed obligation has any moral, ethical, or legal basis, then why not expect contributions from the children of Social Security and Medicare recipients? Obviously such a proposal would be grossly unfair to senior citizens whose children are unwilling to fulfill their "commitment." I fail to see how this logic is any different when applied to the current plight of students, whom I might add, are legally as independent from their parents as senior citizens are from their children (except in relation to financial aid).

In regards to the problem of cost-containment, especially with private institutions, the same logic applies. Why punish students because colleges and universities refuse to control the costs of education? Certainly there must be an alternative to the current plan of slashing student aid.

The final argument used to justify the proposed cuts is the need to reduce the deficit. While there is no doubt that the federal deficit must be reduced, federal financial aid has to be considered one of the worst places to try to do it. As I indicated earlier in my testimony, student aid is an investment that over the long run is returned to the federal government many times over, in a variety of forms.

It is our firm belief that cuts in federal financial aid will eventually cost our country much more than the short term savings that may be realized. At best, these proposed cuts will have a minimal effect of the deficit, at worst they will exact a tremendous cost in foregone productivity, tax revenues, and indirect costs associated with the presons who will be pushed out of higher education. These long term costs are difficult if not impossible to quantify, we can all rest assured that the persons denied a higher education by these proposals will be paying long after the deficit is under control.

On behalf of the 141,000 students of the University of California, I urge you to support federal financial aid. Its surely an investment that we can ill afford not to make.

Mr. Chairman and members, thank you again for this opportunity.

University of Wyoming,
Student Government,
Wyoming Union,
Laramie, WY, May 10, 1985.

Mr. Frank Viggiano, *USS Director of Governmental Relations, City University of New York, New York, NY.*

Subject: Your letter, dated 1 May 1985 on Congressional Sub-Committee on Postsecondary Education.

Dear Mr. Viggiano: In lieu of sending a delegate to the summit meeting, I am providing information on the structure of our financial aid programs.

Overall, the changes proposed in the President's budget plan concerning student financial aids will have a minimum effect on the University of Wyoming. The data contained in Table I is from a financial aid report prepared by the University's Financial Aid Office. As the Table shows, there are only 102 students whose income level exceeds $32,500. My research indicates that the new ceiling level of $60,000 would not significantly increase the number of applicants.

Table I.—Federal Aid Programs 1984–85

Number of students participating in Federal Aid Programs (Pell Grants, Work Study, GSL)	3,560
Percentage of student population in Federal Aid Programs (undergraduate and graduate)	43%
Number of students in Pell Grant Program with incomes less than $25,000	201
Number of students in GSL Program with income above $32,500	102
Number of students in GSL Program with income above $50,000	8
Number of students participating in Federal Aid Programs with debts in excess of $4,000	371
Approximate total of funds paid out under Federal Aid Program for 1984–85 school year (undergraduates and graduates)	$10,000,000

The issue of most concern to the students of this University is the President's $8,000 cost-of-attendance figure. In particular, the criteria used to determine the family contribution figure is of vital concern. If the size of the family as well as the number of students enrolled in college is not considered, many of our students will receive less financial aid. This is due to the fact that under the proposed plan, a family may only borrow the difference between what the cost-of-education is minus the expected family contribution.

In addition, we feel that the $8,000 cost-of-attendance figure will severly limit the students ability to attend the college of his/her choice. This is because of the fact that this figure must be used by all colleges as the maximum cost of education when determining a student's eligibility for financial aid. This restriction, coupled with the family's expected contribution, forces students to attend a college they can afford instead of a college that can give them a quality education.

If you should require additional information, feel free to contact me.

For the students,

JOSEPH P. FERGUSON,
External Affairs Executive,
Associated Students of the University of Wyoming.

MONTANA ASSOCIATED STUDENTS
OF THE MONTANA UNIVERSITY SYSTEM,
Bozeman, MT, May 22, 1985.

Chairman and Committee Members, Subcommittee on Postsecondary Education, of the House of Representatives.

DEAR CHAIRMAN AND COMMITTEE MEMBERS: As Chairman of the Montana Associated Students and President of Montana State University Associated Students, I am particularly concerned with the current administration's proposed changes in financial aid during this year's reauthorization program.

The proposed changes in financial aid portends an alarming attitude toward higher education that not only disregards an established committment to all deserving students, it disregards the established relationship between higher education and the economic, social and political stability of our country.

We cannot be so audacious to assume that debilitating one intergal component of our nation's well being, will not debilitate others. The short term effects of these cuts on students' access to an education is troublesome. But most alarming are the long-term effects that further restricting student access represents, both in terms of the quality of our future leaders, and the future welfare of the nation.

Approximately 10,000 Montana students receive financial aid. Nearly every one would in some way be affected by the proposed changes. These students represent every facet or our economic, social and political future, majoring in everything from civil engineering to law, and from political science to education. Admittedly there is a freightening budget deficit to be reduced, but it shouldn't be done at the expense of our students and the future of our state.

There exists a complex and varied relationship between higher education and so many elements of our society. Business, medicine, public administration and soical programs are often tied to the products of scholarly research. By radically limiting the number of individuals who might enter into this vital research, we would effectively limit the extent and the quality of this research and strangle its important role in our society.

The proposed changes in financial aid will have a devastating effect on higher education, the state of Montana, and eventually the nation. The established committment by our government to higher education, has been based on the recognized importance of higher education to the eventual strength of our country. It is important not to lose sight of that committment and the reasoning behind it.

The major items of concern in the proposals for the students of Montana are:

1. The reductions of special allowance to GSL leaders. GSL applications for the current school year totaled millions of dollars, any withdrawal by lenders from this program would be extremely detrimental to students in securing loan funds in order to help meet educational costs.
2. Limiting Guaranteed Student loans to students from families with an AGI (adjusted gross income) of no more than 32,500. This will eliminate approximately 30% of loan borrowers at Montana's institutions. An arbitrary cut-off is inherently unfair as it fails to take into account individual family circumstances such as family size, number of children in college, and special circumstances.
3. A $4,000 megacap on the total amount of Title IV assistance any student may receive. This proposed amount would prove disastrous to many students, especially older students with children and single parents with children. These students have substantially higher costs and require assistance from many various aid programs which can total $6,000–$8,000 or more for each student.
4. A 22 year-old age limit to determine dependency status. Allowance should be given educational institutions to make exceptions if appropriate. There are situations in which students under age 22 can demonstrate that they are independent and such students should not be arbitrarily eliminated from financial aid consideration.

We as a nation, cannot afford to systematically reject an established, reasonable and rational committment to higher education, particularly in the area of financial aid. The ramifications of doing so will surely hurt our individual citizens, and more frighteningly, the future strength of our nation.

Respectfully submitted,

MICHAEL MORTIER,
Montana Associated Students
of the Montana University System.

PREPARED STATEMENT OF SUSAN R. WRAY, PRESIDENT, STUDENT ASSOCIATION OF THE STATE UNIVERSITY OF NEW YORK [SASU], ALBANY, NY

Members of the subcommittee on Postsecondary Education, Good Morning. My name is Susan Wray, I currently serve as President of the Student Association of the State University of New York (SASU).

I welcome you to New York on behalf of 400,000 SUNY students throughout New York State, and hope that each subcommittee member will take the words of students throughout the country into serious consideration as the debate and discussion concerning the reauthorization of the Higher Education Act develops. This legislation will undoubtly be a major concern for today's youth as we begin to finalize future plans.

The proposed FY 1986 budget is frightening for students nationwide. Campuses from New York to Tennessee to Oregon have compiled statistics, all showing the same draconian effects—hundreds of thousands of students may be denied an education due to proposed budget cuts and new program definitions.

We must not underestimate the connection between the 1986 budget and reauthorization of the Higher Education Act. If passed, millions of students will be denied access to federal financial aid; students are deeply concerned about the future of many programs.

In the past four years many programs have been slated to be drastically reduced and ultimately "phased-out." During the administration's first year, $203 million was cut from the FY 81 appropriation for student aid passed by previous Congress. President Reagan requested additional cuts for FY 82 totalling $332 million. Congress initially accepted, then rejected further cuts, overriding the President's veto to enact a supplemental appropriation, setting final FY 82 funding slightly over FY 81.

President Reagan proposed massive cuts in need-based student aid programs for FY 83, totalling $1.757 billion in reductions from FY 82. He also sought to eliminate the in-school interest subsidy for the Guaranteed Student Loans, threatening to cripple this vital program. Congress rejected the cuts, setting appropriations for FY 83 at approximately the same level as FY 82.

The President's budget for FY 84 sought approximately the same funding level as FY 83, with substantial program changes. Congress rejected the changes and increased appropriations for student aid about $404 million over FY 83. Reagan requested a $330 million cut from FY 84 in the FY 85 request. Congress increased student aid programs by $970 million, or $1.3 billion more than the President requested.

In all, the administration has proposed cuts in appropriations and restrictions on eligibility which would have resulted in a 60 to 70 percent reduction in need-based aid. Through our participation in the United States Student Association and coalition efforts with all major higher education groups in Washington, D.C., students have successfully lobbied Congress to block many of these proposed cuts. Total federal funding for financial aid, however, has declined 23 percent in real dollar terms since 1980. Must we defend our budget year after year?

The administration's current request is a combination of caps, limits and new eligibility guidelines. The proposed cuts in the 1986 federal student aid program would reduce the number of awards within SUNY by more than 61,000, 27 percent of our current level. Students will be forced to seek $72 million from "other sources."

According to Secretary of Education William J. Bennett, this request is part of "a major philosophical shift," a return to "traditional emphasis on parent and student responsibility for financing college costs." This translates into a proposal requiring all students to come up with a minimum of $800 on their own before receiving grants or loans; it also includes new rule which defines all students under the age of 22 as economically dependent on their parents unless they are orphans or wards of the court.

Under the administrator's "mega cap," 32,000 undergraduates and 27,000 graduate students in New York State would lose federal financial aid. SUNY students will lose an average of $2,000 per year. Over $63 million in federal funds to New York State would be lost.

The Guaranteed Student Loan Program serves more students than any other form of federal student aid. GSL's have been particulary important to students in New York State. In 1984:

396,528 students in New York State borrowed $936 million

Students from New York received 12.5 percent of all GSL's nationwide.

If these proposals were to pass, the effects in New York State would be devastating:

A total of 95,880 students will be denied access to GSL's resulting in a loss of $221.8 million.

24 percent of undergraduates and 22 percent of graduates currently participating in the program will be eliminated.

26,444 SUNY students would be excluded at a loss of nearly $50 million.

The proposed $25,000 adjusted gross income eligibility ceiling on Pell grants and campus-based programs would eliminate 12,600 in Pell grant recipients in New York State. 30,000 students would lose an additional $33 million in aid under campus-based programs.

Finally, the proposed elimination of SSIG, SEOG, NDSL may only be interpreted as an attack on the fundamental principles of universal access and equal opportunity.

In light of the budget battles of years past in which student financial aid is constantly threatened, we urge you to accept the following recommendations:

(1) Pell Grants should serve as the foundation for ohter programs

(2) Pell Grants should be true entitlement programs

(3) Increases should be made in living and commuter allowances

Authorization levels for campus-based programs should be increased. Increased educational and living costs have strengthened student need for additional financial dollars, thus the authorization levels for such campus-based programs as SEOG, CWS, and NDSL should be increased.

The needs of the non-traditional student have not received proper attention. Todays non-traditional student may be over 25, working, a veteran, a parent, attending classes full- or part-time. The definition includes any student who doesn't fit into the "traditional model." These students are in need of federal assistance in order to obtain an education. *All* students should have access to all need-based programs. Specific programs should be expanded to include greater numbers of these students:

(1) Trio programs should be increased to meet the needs of disadvantaged college students.

(2) State Student Incentive Grants should be increased to provide additional support of needy students.

(3) A fixed percentage "self-help" contribution should not be set. Such a plan would place an additional burden on low-income students.

(4) Students should be able to classify themselves as independent without constantly having to "prove" this status.

(5) Campuses should not be permitted to impose user fees to students applying for financial aid.

The Higher Education Act of 1985 will reflect a public policy of recruitment and retention of the students most in need of an extended arm. Programs which expand postsecondary education access to many who have never considered it an option must be encouraged. We must reinforce our commitment to assist those who have traditionally been forgotten; the non-traditional, part-time, women and graduate students.

I feel confident that the best interests of all students will be protected by those who have pledged to do so. Thank you for your time and consideration this morning.

THE UNIVERSITY OF MICHIGAN,
MICHIGAN STUDENT ASSEMBLY,
Ann Arbor, MI, May 28, 1985.

Hon. MARIO BIAGGI,
Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN BIAGGI: Thank you very much for the opportunity to submit written testimony to the Subcommittee on Postsecondary Education. Your idea to involve student government leaders in the debate on financial aid was a welcome relief since organizations such as ours have a great deal of difficulty being involved in decision-making and input-giving at our own University. It is not often on such occasions students are willingly accepted in decision-making.

Your confidence in the ability of students to accurately and intelligently express themselves is admirable. I hope such invitations on other matters before your subcommittee are extended to students as well. Not only is such participation educational for all the parties involved, but as we have pointed out to the administrators at The University of Michigan, the original intent of public universities is to educate students, and as constituents of the university, our voices should be heard as well.

Please also allow me to clarify my position on the work study program. Admittedly, you did not receive a clear answer to your questions, more out of nervousness and a lack of preparedness than evasion. The point Melvin Lowe and I were making it that grant and loan assistance has increased 70% in the last 10 years, while work study and loan assistance has increased 592%. Students should work to put themselves through school, yet the lact of funding in grant programs has made it necessary that students either work more or take out larger loans to fund their schooling. If a student works more, they run into the caps on work study hours, which either limits their funding or hinders a project that they may be vital to. This dilemma has occured at MSA five times this year. We depend upon work study students to do a great deal of the office management (as do most student governments) that representatives do not have the time to do, and also to avoid paying astronomical expenses for a full-time employee. At MSA, we pay one full-time staff $13,000 per year, but under work study, we can employ more students at a cost of $1.00 per hour for MSA. Work study has been so cost-effective that we plan on doubling our work study staff next year.

Similarly, without a proportionate increase in grant aid and the loss of spending power of Pell Grants, students must indebt themselves and their future to attend high-cost institutions like Michigan. Most of my testimony deals with that subject. Thus, the objection that Melvin and I have are not to work study, which is an indispensible program, but to the lack of increased funding for Pell Grants according to cost-of-living increases.

Again, thank you for the opportunity to present testimony, and as I told you during a break in the hearing, it was a great personal experience to work with a legislator I had grown up listening to and about in the metro New York area.

Sincerely,

PAUL JOSEPHSON,
President, Michigan Student Assembly.

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